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TWO YUGOSLAVS KILLED IN BRUSSELS ATTACK

Brussels LE SOIR in French 5 Mar 82 p 4

[Article by Jean Rebuffat and R. Hq.: "Submachine-Gun Attack on 'Yugoslavia' in Brussels: Two Dead, Two Wounded"]

[Text] The war that certain Yugoslav factions are carrying on abroad has produced four new victims, including two fatally wounded and a third very seriously wounded with five bullets in the stomach, in Brussels Wednesday afternoon, when an unknown assailant fired a submachine gun at the persons sitting in the first-floor bar at 46, Vieux-Marche-aux-Grains, in the center of the capital.

The building is occupied by the "Yugoslavia" Cultural and Sports Center.

The attack occurred about 5 pm. It went almost unnoticed in the neighborhood: a few dozen meters away, in Place Saint-Catherine, sung by Brel, the customary animation continued, indifferent to the tragedy that had just taken place.

From the first accounts gathered on the spot it emerges that the perpetrator of the attack entered the building, an old mansion with a white facade, and went directly upstairs to the first floor, into a room set up as a bar. Without saying anything specific, he is said to have pointed his 9-mm submachine gun at a group of persons who had watched the Craiova-Bayern match on television.

The group was intending to go next to the Astrid park to watch the Anderlecht-Belgrade game.

Two of the four persons hit were killed on the spot.

Here are the victims' identities: the dead are Mr Mahmut Visoka, born 1 July 1936 in Prugovac, and Mefail Memadoski, born 3 May 1957 in Prilep. The wounded: Mr Ljucusa Paunovic, 44, and Mrijo Husic, 28. Mr Paunovic is in critical condition.

The attacker was noted by several persons. His description is therefore known to the police.

The attack seems to have been carefully prepared; the submachine-gun assailant fled without trouble, probably in a vehicle waiting for him and driven by an accomplice. A little after the attack, a man was questioned in the building itself, but this was a false trail: it was a Yugoslav national who was carrying a knife with a safety-catch. He was released after confiscation of the weapon.

A Soccer Game

The Judicial Police and the Public Prosecutor's Office got to the spot very fast. The royal public prosecutor, Francis Poelman, came in person. The affair lengthens a long list of attacks of the same kind.

Indeed, the Yugoslav embassy was the target of an attack last 14 July in which an armed person penetrated the building and opened fire, wounding a Yugoslav diplomat and an employee of the mission.

On 4 August--but this time the affair did not appear to have any political character--an embassy accountant was killed in a cafe near the Bourse, and a guard was seriously wounded.

The next day, Molotov cocktails were thrown against a Yugoslav store. The attack was claimed by an "Albanian independence movement" which declared that the purpose of its act was to "avenge our thousands of Albanian brothers pursued and persecuted in Kosovo."

The same movement had claimed several of the dozen bomb attacks perpetrated in Brussels from March to August 1981--notably on 29 March, against the offices of the "Jet" aviation companies, and on 2 May, against the Yugoslav Office of Tourism.

The crime of 4 August had caused a certain tension between Belgium and Yugoslavia--notably the cancellation of a friendly soccer game that was to have taken place in Anderlecht, where the local team was to have met the Yugoslav team of Hadjuk Split. It was to be a friendly match. Coincidence? Or done on purpose? On Wednesday evening, there again was supposed to have been a soccer game, pitting Sporting of Anderlecht, the champions of Belgium, against the Yugoslav champions, Red Star of Belgrade. An official match this time--the quarter-finals for the Europe Cup of the champion clubs.

A group called "Belgian Section of the National Resistance of the Yugoslav Albanians" (a part of Yugoslavia, Kosovo, has a large Albanian minority) announced shortly after the attack that large numbers of Yugoslav "secret agents" had come to Belgium on the occasion of this match. The group denied any responsibility for the attack.

In any case, there hardly seems to be any doubt that the affair was political. On the spot, though, stolid silence seemed to be the rule as the evening's activities began on Wednesday: no one at the "Yugoslavia" center, which had been so cruelly hit, admitted to the least political aspect.

As a precautionary measure in Anderlecht a little later, measures were taken during this time to strengthen the surveillance around the Astrid park before, during and after the Europe Cup match. Whereas ordinarily only some 20 city police officers are assigned to maintenance of order in such circumstances, all available personnel, plus an impressive squad of gendarmes, were sent around the field and in the surrounding area.

Jean Rebuffat

"Cowardly Act of Terrorism"

In a communique, the Ministry of Foreign Relations said it had learned with consternation of "the odious crime perpetrated at the Yugoslavia building in Brussels. It condemns this cowardly act of terrorism in the most formal manner."

This new escalation in terrorism, the communique continues, comes in spite of the numerous security measures taken for a long time and reinforced on the occasion of the visit to Belgium of the Red Star of Belgrade soccer team, and will call for the Belgian authorities to take even severer measures of protection and control.

The minister of foreign relations, who has presented his condolences to the Yugoslav ambassador, will present this serious problem and its implications to the Council of Ministers at its next meeting.

Kosovo

The Gendarmerie and the Judicial Police immediately began an investigation into the massacre. Certain precise indications suggest that the background of the attack is the situation of the Albanian minority of Kosovo and that the date of the quarter-final Europe Cup soccer game was not chosen by the killer at random.

In police circles, an attack at Anderlecht on Wednesday evening was feared. Information received from the FRG by the Judicial Police in particular indicated that the attack in rue des Fleuristes in Brussels, in which Mr Ibrahim was killed and his wife wounded, at the end of 1981, had probably been committed by the Yugoslav secret police and that other actions were in preparation.

Weapons of Belgian origin had also been discovered in Yugoslav circles in the FRG --notably, Sten (9-mm) submachine guns.

The events in Kosovo began on 11 March 1981 with a demonstration in the university town of Pristina. On 2 and 3 April, nine persons met death in clashes with the police. In Belgrade, the authorities feared incidents on this first anniversary, and in Pristina itself, the prefect of police announced that nationalist emissaries were scouring the province to organize a boycott of classes in the schools. "Hostile graffiti" have been drawn on the walls of the universities.

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DROP IN OIL PRICES THREATENS NATURAL GAS PROJECT

Copenhagen BERLINGSKE TIDENDE in Danish 4 Mar 82 p 7

[Article by Peter Kjelstrup]

[Text] The continued drop in oil prices may have a decisive effect on the profitability of the Danish natural gas project. This is due to the fact that all of the profitability calculations in respect of the project are based on the assumption that oil prices will increase, and that the large investments running into billions of kroner, as it were, will be aided free of charge by OPEC.

According to the energy plan of the government, an increase in oil prices by at least 2 percent plus inflation, or approximately 12 percent annually, is expected. In its most recent progress report, in which the state-owned company warned Poul Nielson against detracting from the value of the project, DONG [Danish Oil and Natural Gas] has "only" anticipated an increase in oil prices of the same rate as the inflation rate and has here shown that there certainly will be nothing to give away in order for DONG to have a just fairly reasonable rate of return on its investments.

In the course of the last year alone, the oil from the North Sea, which accounts for half of the Danish oil supplies, has dropped by 20 percent. And this does not even take into account the fact that the inflation has snatched more or less another 10 percent. The reason why this has not already had serious effects on the big investment project is that the dollar rate has helped pull in the opposite direction, if calculated in terms of Danish kroner.

The political spokesman for the Conservative Party, Annelise Gottfredsen, has, for the second time, asked Energy Minister Poul Nielson to go over the calculations of the natural gas project, taking into account the declining real prices of oil. The reply was the first time that the ministry did not want to embark on any "unrealistic" calculations.

At the same time, declining oil prices will mean that the expected revenues of the state from taxes on the Danish part of the North Sea will drop drastically. The report in connection with the new fiscal bill thus anticipates revenues from DUC [Danish Underground Consortium] in the amount of 1 billion kroner already next year. As it is a question of a progressive tax rate, this amount will be reduced considerably if the international drop in prices will have its effect in terms of Danish kroner as well.

MINISTER CALLS FOR COMPLETION OF RHINE-DANUBE CANAL

Vienna WIENER ZEITUNG in German 14 Feb 82 p 7

[Report by Ewald Sator: "Obstacles in the Way of an 'Age-Old Dream'--Suspension of the Project To Build the RMD [Rhine-Main-Danube] Canal Would Affect VOeST [United Austrian Iron and Steel Works Inc] and Austrian Industry"]

[Excerpts] Transport Minister Karl Lausecker recently has voiced outright support for the Rhine-Main-Danube Canal, which in fact, except for a small final stretch, has been virtually completed. Lausecker pointed out that the waterway, vital for Central Europe, substantially strengthens the transport connection toward the West. The argument that cheap Soviet navigation would constitute overwhelming competition for Central Europe is rejected by the transport minister with a reference to a bilateral treaty between the Federal Republic of Germany and Austria which went on record as stating that there was no international legal problem between the two states as far as the canal was concerned.

The German Federal Government, however, recently has made a retreat by having a statement issued according to which there was no contractual obligation vis-a-vis Austria to complete the waterway project. Bavaria, on the other hand, continues to insist on speedy completion of the controversial waterway. Bavarian Finance Minister Streibl recently accused opponents of the project of discrediting the project by using wrong figures. There is violent resistance among various environmental groups.

Lausecker rejects ecological objections as well. He says disadvantages, such as intrusions in the Franconian Jura and particularly in the romantic Altmuehl Valley, are more than offset by environmental advantages. As far as Austria is concerned, he says, it is particularly important not to be oblivious to the immense importance of the canal construction for VOeST. The Oesterreichischen Donaukraftwerke [Austrian Danubian Power Company] too has voiced clear support for the major project, the minister says, and navigation is not hindered by the construction of Danubian power plants. Finally, Lausecker pointed out that if the major project were to be suspended Austria would become even more dependent on truck transport.

Controversial 99 Kilometers

On the 677-kilometer route between Aschaffenburg and Passau, the decisive steps have already been taken. The Rhine was built up between Aschaffenburg and Bamberg as early as 1962, and in 1972 a 72-kilometer canal was inaugurated between Bamberg and Nuremberg. Expansion of the Danube between Vilshofen and the German-Austrian border, a stretch of 47 kilometers, was finished as early as 1957. In 1969 the so-called lower-water regulation of the Danube between Regensburg and Vilshofen, a stretch of 130 kilometers, was completed. It should be noted that this regulation is not the same as the canalization, which was begun in part and would have to interfere to a much greater extent in the environment. Between Kelheim and Regensburg the buildup of the Danube was completed in 1978. What is controversial above all at present is the not yet completed 99-kilometer stretch between Nuremberg and Kelheim, where the Altmuehl flows into the Danube and the canal must overcome the Swabian Jura, located like a bolt between the Main and the Danube.

The instructions issued on 27 January, by way of a decision of the Bonn cabinet to FRG Transport Minister Volker Hauff to enter into negotiations about a "qualified suspension" of the construction of the Main-Danube Canal has also caused disappointment in Austria at the government offices concerned and in authoritative industrial circles. It is being pointed out that for all canal construction projects of heavy industry but also of the Austrian power industry a fixed date of completion is imperative. One need only recall the works harbor of VOEST built into the port of Linz--the biggest privately-owned harbor anywhere on the Danube, in any country. A poll conducted by the Upper Austrian Chamber of Commerce came up for Upper Austria alone with an anticipated transport volume of more than 5 million tons a year for Rhine-Main-Danube transport, with the import of the vital raw materials of coal and ore playing a dominant role.

Dr Pisecky: 64 Billion Schillings Already Spent

As pointed out by Linz Danube expert Dr Franz Pisecky, specialist on transport with the Upper Austrian Chamber of Commerce, in a topical study, Austria so far has already spent 64 billion schillings, by today's value, for building up the Danube as a route of navigation and source of energy for hydropower plants. Of this amount 28 billion schillings or 40 percent have been spent on installations such as locks, which exclusively serve transport. Not taken into account are industrial expenditures for which the future navigational route to the west is also decisive. In the event of a production stop or a further delay, industry's procurement and turnover estimates would have to be revised.

While it may be advantageous for the German Federal Railways from a competitive point of view to prevent the Rhine-Main-Danube Canal, disruption of the project might entail certain dangers for the overall West German transport plan. At the mouth of the Kilia arm of the Danube on the Black Sea in the USSR, the new port of Usti Dunayesk is being built which will not only serve the lighter transport of the Lash Interlighter firm but will also make it possible to load and unload seagoing ships of up to a cargo capacity of 50,000 tons. It will be available particularly for mass transports. In Romania the inauguration of the Danube-Black Sea Canal, or Cernavoda-Konstanza Canal, is anticipated for 1983. It will shorten the Danube route to the sea by about 250 kilometers. It is therefore possible that the Rhine-Main-Danube Canal will play a key role in the international power game.

MARTENS ON STRIKE, ECONOMIC, POLITICAL ISSUES

Brussels LE SOIR in French 9,11 Feb 82

[Interview with Prime Minister Wilfried Martens by Yvon Toussaint with Charles-Louis Binnemans, Guy Dupas, Catherine Ferrant and Pierre Lefevre: "Wage Reductions, Contributions from the Self-Employed, No Higher Taxes -- Bouncing Back for the Fifth Time, Martens Tells Reasons for his Stubbornness and... for his Confidence"; date and place of interview not given]

[9 Feb 82 p 2]

[Text] [Question] First question: does that strike scare you? Do you see it as an episode in the life of your administration or as the beginning of a major social conflict which could shake it?

[Answer] That, nobody knows for the moment. But I would like to say first of all that I don't see how the decisions made by the government this week could justify a strike. Secondly, I have read and heard that Mr Debunne wants to launch a strike against the principle of the special powers. There, I would say that the question of whether the government should have those special powers for a period of 11 months is the exclusive responsibility of parliament. It is this body, and this body alone, which makes that decision. Furthermore, contrary to what is being said, parliament has not been put on leave. On the contrary -- and this is the distinction between special powers and full powers --, the government can use these special powers only with the approval of a majority in parliament. It is not the responsibility of the unions.

Mr Debunne is aiming at possible measures to be taken by the government in the area of income moderation. In this respect, the government program is clear, but it is clear in all its components. Whatever the final moderation formula, one thing is certain in any case: this measure will have a very important redistribution effect and it can be perfectly justified in the social area. They don't have the courage to say that... in a union.

In this whole matter, both the government and I are perfectly well aware of the importance of the measures which will be taken and also of their political impact. But we are also convinced of their necessity. Thus, there should be no mistake about it. The government is determined to implement those measures. I have taken the political risk of becoming prime minister again. For me, it is not an episode.

[Question] Thus, the government is determined to implement these measures, whatever the reactions of certain social groups may be?

[Answer] Oh, yes!

[Question] Were you surprised that the CSC [Confederation of Christian Trade Unions (Walloon)] joined the strike, at least in Wallonia?

[Answer] No. Mr D'Hondt himself explained why. The common front (between quotation marks) is something else in Wallonia than it is in Flanders. He stressed that the relationship of the forces is different. But, on the other hand, I have observed that the national management of the ACV [Confederation of Christian Trade Unions (Flemish)]-CSC has adopted another position.

[Question] Don't you have the impression that this strike primarily represents the opposition of a region to your policy?

[Answer] It is necessary to be clear in this context too. First of all, the appointment of the government was voted on within the French speaking group in the Chamber by 44 yes as against 44 no votes. The result for the law on the special powers was identical in the Chamber. It is the democratic expression of the French speaking part of the country. There was parity of votes. It cannot be said that the government is supported by only a minority within the French speaking part of the country, and that the special powers are accepted by only a minority within this part. Public opinion, at least, is divided.

[Question] But in the field, concrete opposition to these special powers seems stronger in the South than in the North.

[Answer] That is obvious.

[Question] Isn't this a problem for you?

[Answer] It is a problem. How could I deny it? But this also happens in other countries where opposition is stronger in some regions than in others.

[Question] In your opinion, what could the results of such a strike be?

[Answer] It would be sufficient for certain centers to be blocked for the impact to be massive. I am thinking about the railroads...

[Question] Does that mean that it would not be possible to draw any political conclusions from such a movement?

[Answer] Not political conclusions, no. I do not want to disregard the significance of such a demonstration at all. And I understand the anxiety of many workers. I specifically understand that in Liege and Charleroi there might be questions as to the future of these enterprises. But it is a complex situation in which numerous motives could come into play.

[Question] Have you already chosen the formula for the wage and income moderation announced in your second set of measures?

[Answer] We are looking for one. Moreover, the only serious work is being done within my staff. Two people are preparing the formulas to be submitted to the government, and then to the social interlocutors. According to very specific principles: a maximum sacrifice of 3 percent in 1982, for everyone, including the civil servants, the self-employed and the liberal professions. The benefits must remain in the enterprise and be used for restructuring. The moderation spares the minimum incomes, but applies to the indexed social benefit payments.

The effort required of the self-employed will serve to promote the PME [Small and Medium Size Businesses]. It will not be collected as a tax, but as a contribution calculated on the basis of income tax returns. Roughly, this contribution should cut back to 5 percent a growth of income which index adjustment would have increased by 8 percent. True, fraud would still be possible. If the system operates at 95 percent, then it will be a success... As for the social benefit payments, we will have to define the threshold of immunity. It is not impossible that this definition will take into account the personal situation, the make-up of the household... You see: we are not breaking the thermometer. The index and the principle of indexing remain untouched.

[Question] Another significant issue draws attention: what price policy do you intend to conduct?

[Answer] The moderation of incomes, and thus of the costs incurred by enterprises, should have an effect on prices. If, for some enterprises, the moderation of costs will be like an oxygen tank, prices should drop in the protected sectors. Absolutely. And also in the petroleum industry.

[Question] Let us get back to the special powers. Your sets of measures will be in motion by the end of February. Why then this delegation of powers for 1 year?

[Answer] If need be, we must be able to correct the fire along the way. And for that, you need time. Besides, it is not 1 year, but 11 months.

[Question] In order to absorb the social security deficit, are you going to aim at all the sectors, unemployment, pensions, health and disability, and social benefits, or pick out one sector or another as a target?

[Answer] All the sectors. We first want to achieve a financial balance without touching the basic principles of the social security system. We are not going to introduce needs tests. We are not going to touch individual rights. Certain mechanisms will be corrected. That is to say, among other things, to take the family situation into account. As a matter of fact, this has already been done with regard to Mr De Wulf's decrees.

It has been specified in the government agreement that the ability to contribute, the make-up of the family, and the situation of the social security beneficiary may constitute a criterion in the setting of social security compensations.

[Question] These are the three criteria for a needs test...

[Answer] Of course not. Mr Van Miert has said several times on television: "I don't see why, in my situation, I would need family allowances." This is an example to point out that there will be no opposition at least from that side.

No to New Taxes

[Question] At the moment, it will be necessary to find approximately 170 billion francs to reduce the public finance deficit to 200 billion francs. How are you going to proceed?

[Answer] Whatever happens, the objective of a 200 billion franc deficit remains to be achieved. I say "no" to new taxes. Next week will be very important in this regard. Mr Maystadt, the minister of the budget, has proposed a new method of four cells. I am, for example, presiding over the national education cell. Well, I can tell you that the figures and ceilings imposed by the minister of the budget will be achieved by that cell. We have already drafted proposals to achieve the objective assigned to us. The social cell, which may have the most difficult work to do, will do the same. If the minister has the political will, then sizable savings could be achieved or significant measures taken. The bad habits of the past will no longer be tolerated. Ministers who come up with measures for 1 or 2 billion francs -- peanuts --, that is no longer acceptable. It is a political sanction which will be brought into play against any incumbent who does not make serious proposals... With all the consequences of such incompatibility.

It should not be forgotten that because of the wage moderation, the state will lose tax income and social contributions. But our priority goal is to reduce the burdens of the enterprises...

Sectoral Aid: 5 Percent!

[Question] Why does the new sectoral policy include separate weights and measures for the sacrifices demanded from mine workers and those from workers in the textile industry, the steel industry, and so forth?

[Answer] There are not separate weights and measures. In the mining sector, a management contract will have to be signed no later than 3 months from now. It implies a reduction of costs, specifically by means of a cutback of the social charges. A wage reduction is not excluded. This being said, with an eye on saving jobs state aid to enterprises in trouble will be conditioned upon the adoption of a recovery plan. Within the framework of which, the government demands an effort by the personnel: usually 5 percent of the wages and 10 percent of the management salaries. This is not a rigid threshold, but the main objectives must be achieved.

Steel: It Is Done

[Question] And Cockerill-Sambre? Does the agreement reached with the bankers definitively settle the question? Does the government agree to transform the companies' long term debts into capital? It involves 35 billion francs...

[Answer] In a few weeks time, the government has found a solution to the problem which had been pending since 1976. The notification sent to the European Commission concerning its desire to transform the long term debts of the enterprise into capital does not produce any political problem among the ministers. But we intend for the social section of the Walloon steel industry recovery plan to be achieved simultaneously. On a fifty-fifty basis? No. But the implementation of the political agreement of the Martens V administration.

[Question] We currently have more than 400,000 unemployed. What impact does the government expect the measures it has decided to take, to have on employment? Did it set a figure?

[Answer] Our first aim is employment. Without the measures we have decided on, unemployment could only worsen. But I am convinced that thanks to these measures, the situation will have stopped deteriorating by the end of the legislative session, by 1986.

It is the intention of the government to regroup within a single system all those measures which have been put into effect until now, special temporary cadres, etcetera. To wait for the economic measures to bear their fruits.

This being said, I remain pessimistic and cautious.

[11 Feb 82 p 5]

[Text] [Question] Last spring you resigned from your position as prime minister of a social-Christian-socialist government. Seven months later you returned as head of a Christian-liberal team. Today, you claim to be able to impose what you didn't manage to get passed earlier. What has happened?

[Answer] I think that something has changed. What was the tragedy of the last administration I presided over? True, the wish to straighten out the situation did exist. We first tried to reach a consensus with the social interlocutors. This is the reason why the national labor conference was needed in our country. We didn't find one. The consequences of this should not be underestimated.

This being the case, the then government decided to go to parliament and to ask the political powers to make the necessary decisions. It was done through recovery laws. As a matter of fact, the votes were obtained rather quickly. Then came the budgetary deadline. The Martens IV administration did not succeed in this area. Second failure.

Next, there was Mr Eyskens' attempt to straighten out the situation with, among other things, Maribel. That also failed. Then there was the verdict of public opinion on 8 November, and its lessons. These are the essential elements which certainly enable us to say that there has been a change.

To Effect Reforms

[Question] You were the man of the alliances with the socialists, the man of the social dialogue. You were the man who had an ACW [Christian Labor Movement (Flemish)] sensitivity. Now, you are assuming the responsibility of an

administration which no longer has that sensitivity and which, on the contrary, presents a "liberal" image.

[Answer] I would first of all like to correct the image. I am a member of an administration, and a fortiori prime minister, only because of the conviction of being able to achieve a significant reform. I have accepted to lead the government since 1979 in order to effect a state reform. I have pursued this aim through various government formulas, leading to the enactment of the laws of 8 and 9 August 1980.

I am still unhappy about the fact that the three party coalition did not succeed in its economic reform, but it was obviously not prepared for that task. An attempt was made with the cooperation of the French speaking socialists. As a matter of fact, the latter were always tougher in terms of the moderation effort -- it must be recalled -- than the Flemish socialists who are tied more closely to the trade unions. Mr Cools failed. There was a vote within his parliamentary party in the Chamber. He resigned. All of this triggered the events.

Do not think that I would be willing to be prime minister of a government which wouldn't do anything. I wanted to force the issue at the end of March 1981. All the social-Christian ministers anyway were convinced that drastic measures were necessary. This is the reason why I proposed the emergency plan. And I accepted the political consequences of the failure. Indeed, I was the only one.

Then I made way for my successor, Mr Eyskens, without any hard feelings. I kept silent throughout. I even had to intercede within our parliamentary party in the Chamber to support Mr Eyskens' administration. Otherwise, he would not have obtained the confidence of parliament. It can be said now that I made a terrible mistake, that our electoral defeat of 8 November was due, among other things, to the fact that we were once again in the government.

Total Commitment

[Question] You were Mr Eyskens' "mother-in-law" then, were you?

[Answer] It is after all unquestionable that I had to intercede within the CVP [Social Christian Party (Flemish)] group in the Chamber in order for the majority of our representatives to be willing to vote for the motion of confidence. Hence, I gave Mr Eyskens' administration all opportunities, without any ulterior motives.

But we have also had to note that this administration did not produce any results. Meanwhile, the animosity between the CVP and the PS [Socialist Party (Walloon)] had become such that it was absolutely impossible to form another government with the socialists after the elections.

[Question] And today, are you convinced that within the new political situation you will manage to get your reforms passed?

[Answer] Yes!

[Question] And are you absolutely determined to ensure that your policy will be that of the country, no matter what the obstacles may be?

[Answer] No matter what the obstacles and no matter what the personal consequences. If I returned to the government after a short period of 7 months, it was with the conviction that I could do something important, an important economic and social reform, by accepting all the political and personal consequences. You know how things work in Belgium. If you succeed, you may perhaps be there for a relatively long period of time. If you fail... For me, it is not an episode. I am totally committed to this policy.

[Question] Does your party stand behind you?

[Answer] Yes, I believe so.

[Question] Some of your friends have compared you to a corpse, which always springs back to life. Do you agree?

[Answer] Better a corpse which springs back to life than a corpse which remains in its casket.

Even Schmidt

[Question] Speaking of economic reform, aren't you worried about the fact that in Great Britain, where an economic-social policy comparable to yours has been conducted for a certain number of years, unemployment continues to rise at a breathtaking rate, while in France, where a policy rather opposed to yours is being implemented, the OECD experts have noted a stabilization of unemployment?

[Answer] This gives me an opportunity to speak out on the labels attributed to administrations. People talk about a "neo-liberal" policy, about the "liberal shock," about a "Thatcher-like or Reagan-like policy." Well, I participated for 2 years in European summit meetings and all the time, all the heads of government -- I did not meet Mr Mitterrand, that is true --, including and especially Mr Schmidt and now Mr Den Uyl as minister of social affairs, defended this policy, as did all the European and international authorities as a matter of fact. So, it is a bit easy to say that we are conducting a neo-liberal policy. Then Mr Schmidt's policy or that of Mr Van Agt in the Netherlands should also be called neo-liberal.

[Question] And Mr Mitterrand's example?

[Answer] It is true that it is the only example of the formulation of an alternative, but it will be necessary to judge the results on the spot a few months from now.

Priority Task of Institutions

[Question] You were also the man of the state reform. While today, there is no longer any question of giving priority to that reform.

[Answer] It all comes down to knowing what the priority task is. I see that the laws were enacted in August 1980 and that major points, such as the transfer of the administrations -- without which the executive bodies cannot operate seriously --, have not been implemented. I have terrible examples: an executive body makes, for example, a political decision concerning the construction industry; people are invited to submit a request for interest subsidies. And where does the concrete investigation of the case take place? I don't want to insist on this aspect... The transfer of administrations is an essential point, otherwise the state reform will lose its credibility with public opinion.

Secondly, a specific treasury for the communities and the regions has not been developed. The court of arbitration has not been enacted. I refer to all the discussions of the last 6 weeks in parliament on the special powers bill. Even the socialist opposition in both the Chamber and the Senate has formally recognized the fact that the explanations I have given attest to my desire not only to respect the reform which has been enacted, but also to implement it correctly, including in the area of the special powers. We have fully accepted the guarantees provided by law with regard to the prevention of actions exceeding our authority. We have written into our bill all the anticipated community and regional consultations.

And Brussels?

[Question] What do you think about the positions recently expressed, during a debate with LE SOIR, by the presidents of the French speaking parties with regard to Brussels? And about the reactions of the Flemish press?

[Answer] The government agreement must be implemented.

[Question] That is to say, convoke the parliamentary committee?

[Answer] That too.

[Question] Do you think that it could really lead to a solution for the problem of Brussels?

[Answer] Let us start with setting up the committee.

[Question] What are you waiting for to do that?

[Answer] It is not our responsibility. It is that of the parliament.

[Question] That is to say whose?

[Answer] Of the presidents and the political groups.

[Question] Do you perceive an evolution of thought on this subject in the North and in the South of the country?

[Answer] As I told you: the transfer of the administrations, which was decided on back in 1974, must be carried out. Nothing has been done.

[Question] You have been prime minister for a long time since then.

[Answer] No, not at all. At that time, I was party president. Which, at that time, may have been more important. Because I supported the agreement.

I am as convinced today as I was in the past of the necessity of this institutional reform. But if it is not carried out in the field, we run the risk of compromising it completely. This is an extremely serious concern for me.

Administrative Reform Possible

[Question] For Brussels, it is difficult to achieve it in the field.

[Answer] Yes, but as far as administration is concerned, there it can be done. The act of 9 August makes it possible to achieve regionalization in the field in terms of the implementation of the policy which, in turn, remains under the direction of the national legislature. For the application in the field, a specific administration is needed. It can be done within the framework of the existing law. It must be done. But it is not being done.

And this is also true for Flanders and Wallonia. In Flanders, the people refuse to be convinced that this reform is truly beneficial if they don't see any concrete results. As a matter of fact, there is a very typical example. There is a provision in the act of 9 August to the effect that the excess value on real estate tax will revert to the communities and the regions. Mr Dupre introduced such an amendment in August 1980. Now, he has insisted on the elimination of this tax because people's reactions are too strong. Even if it is a Flemish tax, they are asking for its elimination. Because the anti-tax feeling is stronger than the Flemish feeling.

And when the Walloon regional council, in a motion, insists on the profits which should revert to Wallonia, then I am waiting for the time when it will have approved all the sectoral plans.

[Question] Does that change the way you see things?

[Answer] A person would be stupid not to take all of this into account.

[Question] And do you have an opinion concerning the acute problem of the boundaries of Brussels?

[Answer] Yes.

[Question] Tell us what it is...

[Answer] No...

Incredible Evolution

[Question] You were the man of the federal reform. Do you believe that the acts of August 1980 have introduced such a reform? Is it, for example, normal that the five large economic sectors remain under the authority of the national government?

[Answer] There has been an incredible evolution in this area over the last 2 years. At the time, I defended the need to maintain the five national sectors before parliament, not only because of political necessity -- the Walloons demanded it -- but also because of economic necessity. I referred to the positions of the social interlocutors in that respect and I said: even if there were a majority here in favor of regionalizing these five sectors, you, members of parliament, would get reactions in the streets against such a decision. So, not only was there already a basic political majority, but all the social and economic groups asked for the maintenance of the five national sectors. I repeat that there has been an enormous evolution since then.

[Question] Does that mean that you take the position of the Socialist Party into account?

[Answer] There is also that of the ACW. But we had the wisdom to provide the law with a simple procedure to alter the list of the national sectors. This can be done by deliberate decree within the Council of Ministers on the condition that the agreement of the various executive bodies has been obtained.

But that is not where the problem lies. What will the financial resources be? In what way will the financial resources, which are currently provided for on the national level, be regionalized? That is the real problem.

8463

CSO: 3100/322

STATE SECRETARY ON AGRICULTURE POLICIES

Brussels LA LIBRE BELGIQUE in French 4 Feb 82 p 8

[Interview with Secretary of State for European Affairs and Agriculture Paul de Keersmaecker by Jean-Pierre Voisin; date and place of interview not given]

[Text] Fifty-three years old, married, father of three children, Paul de Keersmaecker was born in Kobbegem in an agricultural environment and his family still maintains a farm and owns a brewery there. Indeed, company manager is the professional title used by this doctor in law and bachelor of arts in the profession of notary public who, in 1959, entered into the service first of municipal politics as mayor of Kobbegem, and then of the community of Asse as of 1977. Since 1968, he has represented the Brussels-Halle-Vilvorde district on the CVP [Social Christian Party (Flemish)] lists in the Chamber.

Concurrently, he also holds the positions of vice president of the Belgian group of the Interparliamentary Union, of vice president of the Provincial Chamber of Agriculture, and of president of the Agricultural Show in Asse; he was a member of the European Parliament between 1974 and 1981. Since the formation of the current government, he has presided over the destinies of Belgian agriculture as secretary of state for European affairs and agriculture. He comes from an agricultural background and has, in fact, never left it. He lives in a rural environment and, since he went into politics, he has always followed agricultural problems with a great deal of interest as he has dealt with them both at the national and the European level.

[Question] Why does Belgium no longer have a minister of agriculture? The agricultural organizations have told you of the disappointment of the farmers, whom the current administration appears to neglect.

[Answer] Like you, I believe that the position of the farmers in this respect is completely justified. Agricultural policy is very important, both from an economic and a social point of view, and demands a specific policy.

What the agricultural circles do not want, is for this agricultural policy to become dependent on other economic factors and to drown, for example, in a Ministry of Economic Affairs.

Their position is not only reasonable, but justified. Hence, there is a certain disappointment in agricultural circles for having only a secretary of state in this administration. This is typical of government negotiation. You are aware of some of our constitutional constraints, such as linguistic parity. This has led to the result which I myself could only take note of.

This having been said, it must be specified that we have obtained all the basic guarantees which the agricultural sector rightly called for. A specific royal decree was issued and published in the MONITEUR, which grants us all the powers within the limits of what is constitutionally possible. Essentially, you should know that I have personal responsibility of the department; I have, of course, the maximum ministerial responsibilities within the given constitutional framework; and, by decision of the Council of Ministers, my department and my staff have a total responsibility and total budgetary and administrative independence, as in the past. That is essential because it allows us to develop our own policy.

[Question] And at the European level? The question was recently raised as to whether the agricultural problems would still be solved at the level of the ministers of agriculture or would become part of the global problems discussed at the level of the ministers of foreign affairs.

[Answer] The answer is very simple. Agricultural questions are dealt with at the level of the European ministers of agriculture, whose council I preside over.

[Question] There is, however, the problem of Great Britain which has already caused agricultural problems to be discussed within the framework of the European budget.

[Answer] That is another matter. Unfortunately, we did not succeed in unblocking the affair of the mandate at our last meeting, but you should know that, in another context -- that of European affairs -- I participate with Mr Tindemans in the deliberations of the ministers of foreign affairs. Mr Tindemans presides and I head the Belgian delegation. This is how I could follow the activities which unfortunately did not result in the unblocking of the mandate question. It involves three agricultural problems and especially the problem of the budget. Hence, it is not excluded that the English may be playing a game of obstruction on the question of agricultural prices in exchange for their quota in the European budget.

[Question] French reactions, both at the level of the agricultural organizations and of Mrs Cresson, have been sharp and the possibility of national aid to agriculture is being mentioned. Doesn't Belgium's current position as president of the Community limit our opportunities for reaction?

[Answer] First of all, I don't believe that France is moving toward national aid. France's national aid operation amounts to some 5 billion francs. That is

another matter that is being discussed at the level of the Common Market, to see whether this is contrary to the rules of the game of the Community. But I believe that France continues to defend its position as it did during the mandate discussions. Belgium also defends its position, and I don't believe that its presidential position could be a handicap. Indeed, when I preside over the Council, the Belgian position -- which is essentially a community one -- continues to be defended by the Belgian delegation with the greatest possible freedom. It is even an advantage to hold the presidency, but it would obviously have been easier if the question of the mandate had been resolved.

[Question] Within the framework of the enormous economic problems being discussed at the Common Market level, what is the weight of the small farmer, who survives on 10 cows and 15 hectares in a corner of the Ardennes where he does, however, sustain what is referred to as the "rural fabric"?

[Answer] It is written in the government program that we will continue to defend and to work for the development of the agricultural and horticultural family enterprise. You obviously have to take technological development into account. We are not isolated. We live within a framework which we have to take into account. You remember the time when Belgium and other countries defended themselves against the Mansholt plan. We still hold the same point of view today. We want that rural fabric, which lives on the presence of those more or less large mixed family enterprises, to survive. We cannot guarantee them perpetual productivity.

[Question] There is really a problem then?

[Answer] There is a problem. Belgium has asked, on the one hand within the framework of the mandate in which the question of the dairy sector has been formulated, and on the other hand within the general framework of the question of prices, that a special effort be made for the small producers. The Commission proposals already include a provision for special aid -- we don't know yet what form it will take -- of approximately 120 million units of account. These are rather precise budgetary limits, but they already make it possible to relieve the situation of the small dairy producers.

[Question] Belgian agriculture seems to be suffering from a new disease if one considers the volume of exports, whether in the area of poultry or of Belgian endive, to speak only of those sectors in which Belgium was particularly well placed.

[Answer] The government declaration emphasizes the development of exports for the very simple reason that our balance of payments is in bad shape. In the framework of this export policy, agriculture must have a significant part. If there has been a regression in recent years, then we must proceed in such a way that our situation improves, and we are going to take the necessary measures to achieve the necessary progress as soon as possible.

We are going to use the special powers to this effect, to improve the operational instruments and, more specifically, the promotional funds. Secondly, we must develop a policy of quality improvement in various areas because, in spite of everything, quality continues to be the basis for our export power. Finally,

we must bring pressure to bear on production costs. And there, certain policies will have to be set up, continued and adapted. For example, to bring pressure to bear on the price of energy, on the price of silver.

[Question] What is, in your opinion, the major cause of the decline we are experiencing in our exports?

[Answer] It is a whole set of factors, but what may be the most important is the cost factor. Here in Belgium, especially in the horticultural sector, we have had to carry the full weight of the price of energy, considering that we don't have the luck of the Dutch and that we don't have the climatic conditions of our competitors in the South of France. But there are also flaws in our marketing policy, because of the fact that we have fewer resources at our disposal -- the promotional funds -- as well as a less effective promotional technique. We need more global and better advertising to be able to sell Belgian products abroad. We are located between two countries, France and the Netherlands, who use the agricultural sector as a battle horse. In Belgium, we should also implement the same policy of development of the agricultural food sector.

[Question] Isn't this partly due to the mentality of the producers?

[Answer] That could be the case. However, I don't believe it is. Or perhaps in the tendency of Belgians in general to react more individualistically with regard to the establishment of structures and to the implementation of resources, which should be conceived more generally, more collectively -- in the positive sense of the word -- to be able to provide a more effective answer to the problem.

True, our producers have a sense of work and of productivity, but we need to implement something more global to be able to maintain our position in these areas. We see that in the Netherlands and in France there is a better globalization of the resources and of exports.

[Question] Do you believe you'll be able to achieve a result which is sensible and is sufficient to snowball?

[Answer] We hope so, but we cannot foresee the future. The minister of agriculture or the department cannot make this come true, but we can help implement the resources and help activate, and we are working on this as a priority issue.

[Question] What conditions most the future of a farmer living, for example, in Wallonia? Is it the regional, the national or the European policy?

[Answer] The coordination between each of those levels. That is the role of the company manager. Now he finds himself in a regional context, but also a Belgian and a European one. It is up to us to create the conditions for the maintenance and development of agriculture. Socially, we specify that it should be able to develop primarily within the framework of the family enterprise. Depending on the geographic situation, the company manager will choose his road and his specialization to achieve a maximum productivity. Ideal situations and unilateral directions -- you cannot determine once and for all what you have to do in a specific situation to achieve good productivity -- are utopian. Choices

have to be made. Take the grape sector which, as is common knowledge, has become structurally bad; there are, however, a few enterprises which continue under the most difficult conditions. I personally conducted a study in my own region of West Brabant. We studied the production of Belgian endive, of grapes, the horticultural sector as a whole, and marketing through auctions. We have noted numerous problems. Even though it is the region which used to be called "the reaper," the hops region of Asse-Alost, but which has had numerous reversals. We have experienced 2 to 3 years of very heavy losses. Today, we have passed the hurdle, but you can never say that you are going to guarantee productivity in a given sector in a given location. The company managers, the people, have to make their choice. There are certain directions which are the result of certain obvious factors, for example in the grain sector, but a large margin must be left to the enterprise and to the capability of the company manager. I am personally against a planned economy in this regard. That is very dangerous. I have been president of an Agricultural Show for a very long time and we organize competitions every year. We have noted a very strong imbalance between two facts. Every year, we fight to obtain 1.5 or 2 percent more for the adjustment of prices, and this is a justified and a necessary fight. On the other hand, when you study the results within the sector, you see that there are differences in productivity going from 0 to 30 percent. That is to say that the impact of the entrepreneur, in terms of capacity for work, competence and adaptation, is and remains very decisive. Our task is to create as good a framework as possible in terms of production structures, orientations and the marketing policy especially directed toward exports.

There is a great deal to be done; there are a great many resources. For the South-Eastern part of the country, for example, we are calling on resources brought into play by the European Community and we are developing a policy to respond to a very specific situation, which is not the best. But once again, it is the company manager who has to bring everything into play to achieve good productivity.

[Question] What do you think about the grouping of enterprises within the framework of a specialization and, more specifically, within certain structures developed by the agricultural food industry?

[Answer] You have spoken about the necessity to maintain this rural agricultural sector. It is a question of balance. To the same extent, we should avoid creating an overindustrialization of the agricultural sector, where everything would be integrated vertically or horizontally, where there would be too much dependence, and where the individual producer -- we are still talking of the framework of the family enterprise -- would lose both his own structure and his freedom as entrepreneur. This doesn't mean that cooperation and a certain integration could not provide a response to the necessary globalization of efforts. Thus, in my region they have just carried out a merger of three auctions. It is a big operation which was carried out successfully. It is probably the best possible formula in the agricultural sector through cooperation. There are certainly other ways, but I believe that we should take care not to create integration structures which are too large and in which the individual producer would lose his identity and his freedom. We must first of all have a sense of balance.

[Question] And the question of the new farmers? I read recently that for the first time since 1935, the number of farming concerns is no longer declining in the United States, and had even increased last year. We have to note that the problem of the recovery of the concerns is a real one in our country, but, on the other hand, in spite of the limits of our territory, we are witnessing the establishment of new small horticultural and truck farming enterprises which are trying to get started, specifically in Walloon Brabant.

[Answer] That is a possible way to go of course. We have noted the reduction of the number of farmers. That has a tendency to stabilize itself and, on the other hand, we see the social revaluation of the farmer. That is a psychological aspect based on an economic reality.

Fifteen to 20 years ago, the profession of farmer was discredited in relation to other sectors which at that time offered marvelous potential. The movement has been reversed and the farmers, like the horticulturists, have taken back their social standing and their prestige as self-employed. They currently behave with greater assurance, perhaps even more because of this economic crisis, in the context of which and in spite of all the difficulties, they represent a sector which offers not only a certain security, but also, and increasingly, a certain potential in some sectors. You can see the development of that movement of a return to the land which you were talking about. That is very fortunate, even though there is obviously a great deal to be done.

It is one of the points of the government declaration, to attend to the settling of young people and provide for the renewal and the development of our agricultural class.

8463

CSO: 3100/324

NEW FOREIGN AID POLICY BASED ON HUMAN RIGHTS

West Berlin DER TAGESSPIEGEL in German 17 Feb 82 p 1

[Text] In a unanimously approved motion of the Bundestag committee on economic cooperation, the federal cabinet was urged to make its future development assistance contingent upon the attainment of human rights, the principles of social progress and social justice as well as trade union liberties in any country receiving such aid.

The chairman of the committee, Holtz (SPD), and the conservative member Huesch appeared confident yesterday that the Bundestag would support these recommendations and approve the committee's 14-point resolution.

It was stressed in the paper that development policy should give preference to those countries which have made efforts to achieve democratic structures. In countries where despotism, intimidation and threats of violence characterize the relationships between the government and the governed, only those projects should be supported that work to the advantage of the suffering population.

Holtz emphasized that the new accents were not intended to be seen as the "threat of punitive expeditions" against certain countries. When asked about the situation in Nicaragua, both Holtz and Huesch stressed that in this case the support of short-term but not medium and long-range projects was desirable. On the issue of aid for Turkey Huesch stated that the monies appropriated for 1982 were not in contradiction to the committee's guidelines. Additional aid after 1982 would, however, have to be restudied. Holtz stated that it was not yet sufficiently clear whether Turkey would return to democracy.

The guidelines further urged the concentration of development assistance upon the poorest levels of the population and the active participation of the population involved in development projects, for example, self-help groups.

9878

CSO: 3103/303

AGRICULTURAL BANK CHARTER MAY BE EXTENDED

Paris L'USINE NOUVELLE in French 17-24 Dec 81 pp 41-42

[Article by Bertrand le Balc'h: "Credit Agricole: The New Bank of the PME [Small and Medium-Sized Businesses]"]

[Text] /PMEs of less than 100 employees should be able to find a new source of financing in the Agricultural Bank. Will they really benefit from it? The fact is, despite certain experiments, the "Green Bank" has not yet made any decisive negotiations outside of the agricultural sector./ [in boldface]

Owners of PMEs, note the location of the Agricultural Bank branch nearest your business! It could be useful to you. In fact, by next spring, the "Green Bank" could be authorized to finance any and all PMEs (those with fewer than 100 employees), whatever their type of business or their location. Discussions are already under way between the Government and the management of the Agricultural Bank to define the extent of and the manner in which the bank's Charter will be extended, and urban households will be equally affected.

In exchange for this, the Agricultural Bank will pay corporation tax at a rate of 50 percent as opposed to the 33 percent it now pays. What's more, the administrative council of the national fund of the Agricultural Bank has decided to make final distribution of the surpluses for the years 1977-1980, which amount to 4.6 billion francs. Of this total, 1.6 billion will go to the Agricultural Bank itself, 300 million to PMEs and PMIs [Small and Medium-Sized Industries] and 2.7 billion will be utilized to finance (by one-half) the aid to farmers decided upon by the government at the annual agricultural conference.

Few Dealings with the Private Enterprises of the Agricultural-Food-processing Sector.

Past experience, however, inclines one to caution regarding the actual effects on PMEs of this extension of the Agricultural Bank's field of activity. Since December 1978, it has, in fact, already been able to work with the private enterprises of the agricultural-food-processing sector and, since last January, to finance small businesses located in rural areas. Well, to this day, the Agricultural Bank has carried out only a few ventures with

these enterprises. And if it collects resources from 12 million depositors, the agricultural world, (farmers, cooperatives...), remains its privileged client, a situation which irritates private producers in the agricultural-food processing sector.

"Farmers and their cooperatives no longer account for more than 17 percent of the deposits and 30 percent of savings. Well, they're the beneficiaries of almost half of the loans," objects Francis LePâtre, president of Ania, rebelliously. "The real guilty party is the bank officer," the bank's directors retort. An interesting question for Jacques Delors, the Minister of Economy and Finance to ponder.

Another question: Is the Agricultural Bank "technically qualified" to carry out this new function? Analyzing the balance sheet of a cooperative is one thing. Analyzing the development projects of a manufacturer involved in mechanics or electronics is another. In any case, the directors are confident. "The financing of agriculture remains our primary mission, but," they affirm, "in the more modern areas we can become 'the' bank of PME's and rapidly bring about the creation of 30,000 jobs." This intention can be judged as it is put into practice.

9825

CSO: 3100/265

IMPROVED ACCESS PLANNED FOR PORT OF ROTTERDAM

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 1 Mar 82 pp 12-15

[Text] In spite of the recession which has hit worldwide maritime transportation, particularly causing a crisis in the sector of heavier-tonnage vessels, authorities in Rotterdam decided, after a very in-depth technical and economic study, to give the go-ahead for the project of dredging the access channel from the North Sea to Europoort which by 1984 will have a depth of almost 22 m; in other words, it will be capable of accommodating vessels of up to 350,000 t capacity, compared to the 275,000-t vessels which can currently use the channel. This is a big stake for the future which springs from the conviction that the economies of scale will once again play an important role in ocean traffic and that it is therefore important to get ready in time so as to continue to maintain a good margin of advantage over the other European ports. The motivations behind the decision are illustrated by the loud voices of some of the protagonists in this article taken from a long report recently published in ROTTERDAM EUROPOORT DELTA, a quarterly publication of the port of Rotterdam.

Dredging work on the access channel leading to the Europoort in the North Sea will be done in two stages: By the middle of 1983, vessels with a loaded draft of up to 70 ft and by the end of 1984, vessels with a draft of up to 72 ft (21.95 m) will be able to reach the port. By then, Rotterdam will be able to accommodate the huge vessels that carry minerals, petroleum, and coal between 340,000 and 350,000 t, compared to the limit of 275,000 t (with a draft of 68 ft, or 20.75 m) currently available in the major ports of Western Europe.

The city of Rotterdam will pay the entire bill; the community council has already allocated 130 million florins, equal to about 63.3 lire for dredging work and for the pertinent port infrastructure facilities. After the channel has been completed, the Dutch government will take care of maintenance and management; the additional cost for maintaining the new structures has been estimated at 2 million florins per year (about 975 million lire). The government will also provide the necessary nautical equipment.

The decision to deepen the big navigable channel along a distance of 41 km--which will link the deep sea with the port along the coast--is certainly courageous since Rotterdam is likewise getting to feel the worldwide recession although in a relatively lesser degree (see STAFFETTA, 11/1). All maritime and commercial

circles furthermore are still engaged in a lively discussion on the future prospects of ocean transportation using large-tonnage vessels whose disadvantages emerged under various circumstances in recent years; the alternative would be to make increasing use of medium-tonnage vessels.

The problem which the Rotterdam port authorities had to face and must still face involves worldwide energy policy in addition to community and government financial difficulties. The flow of crude going to the countries of Western Europe has been declining for some time; the Arab producer countries are building their own refineries and are asking the oil companies to help them in exchange for an assured supply of crude.

It has furthermore been learned recently that the Suez Canal will be widened; this will create greater possibilities and more room for medium-tonnage vessels. Deciding to widen the Europoort channel with a view to increased traffic involving large-tonnage vessels, was quite difficult; nevertheless, the decision was adopted unanimously by the community and port authorities following the arguments presented by C. H. Kleinbloesem who for 40 years has been the economic adviser to the Rotterdam port authority and who has been a convinced supporter of the project now approved for a long time.

The Pro's and Con's

An interesting exchange of ideas on the pro's and con's of deepening the channel took place during the opening of a new office of Moret & Limperg, the port audit company, in which participated, among others, the director of the port of Rotterdam, Jan Riezenkamp, and A. J. Metzlar, president of the van Ommeren NV shipping company. According to the latter, the further deepening of the channel would not help increase the competitive capability of the port of Rotterdam and an expenditure of 130 million florins for a nonessential project should not be approved.

Here are the arguments advanced by Metzlar: It is logical that the shipowners should abandon the mammoth petroleum tanker. There have been changes in the cost component; fuels have become much more expensive and the interest rates have gone up enormously. This means that sailing 4,500 miles around the Cape is now no longer more profitable than sailing through the Suez Canal. Looking at current fuel prices, it is more economical to go through the Suez Canal, especially when, by 1984, it will have been widened so as to permit the passage, at full load, of vessels of 160,000 t. This will be the ideal type of transport vessel for the current decade, a type of vessel which will be able to tie up at Rotterdam under current conditions.

"Investing in times of economic recession requires courage and conviction," replied Jan Riezenkamp. "Why did the city of Rotterdam once again with much emphasis take the initiative regarding port projects? During the postwar years, this port has always been forced to refrain from keeping up with normal developments but tried to anticipate future developments. On some occasions, our projects were criticized by the professional circles but our experts almost always turned out to be far-sighted and even risky investments are now bearing fruit. I think that something like this is also happening now. There are people who criticize our decision to deepen the channel but I am convinced that the facts will prove us right by the time the project is finished."

"There are," he then said, "incontrovertible signs that commerce is adjusting to the new situation. The surprising thing is that the first response comes from the drygoods sector where the economies of scale have never had the heavy impact that came with the bulk shipment of crude and petroleum products.

"Regarding one of the biggest terminals in the port of Rotterdam--the mineral terminal--it was decided to build new infrastructure facilities which in the future would make it possible for ships with a draft of up to 75 ft to tie up there. This decision is quite in line with the international trend that can be detected at Narki (Norway) where the mineral loading port can, at low tide, accommodate vessels with a draft of 75 ft, and at Turabao in Brazil, with the same capacity; another port in Brazil with the same characteristics is now being built at San Luis; Japan, with its steel industry, is studying the possibilities of its ports for minerals in view of the construction of very large-tonnage vessels for this type of shipment."

The important thing now is to find out whether it is worth the trouble which the mineral terminal will involve regarding the construction of facilities for vessels with a draft of 75 ft, now that the port authorities have decided to deepen the channel only to 72 ft. Riezenkamp responded on that score to the effect that further deepening the channel during the next several years is already under consideration.

The Dutch government in effect has already guaranteed its cooperation in the further deepening of the channel to 75 ft under certain conditions if the port authorities, in other words, can demonstrate the need for that. An inquiry with the German steel industry in the Ruhr, which works with Rotterdam, revealed that the experts of that industry would be readily in favor of a further deepening of the channel, even to 75 ft. It is interesting to find that, while the trend toward extremely heavy-tonnage vessels is spreading throughout the drygoods sector, interest in 400,000 t oil tankers is now declining. The events on the crude market starting in 1973 have weakened the position of many oil companies which are now less able to run their fleets on the basis of accurate logistic calculations. In this new climate, the advantage has shifted to somewhat smaller tankers which are easier to use and handle. As a matter of fact, when it comes to using various ports for small or medium cargo, it obviously is not at all convenient to use vessels of 400,000 t. The economy deriving from extremely large-tonnage vessels--which for years has been the main criterion in crude transportation--ran into its limitations the moment the political situation changed. But, as Riezenkamp confirmed, that does not mean that the economies of scale no longer exist. On the contrary, they are still quite timely, for the Saudi Petromin, for Shell, for Esso, and for other companies.

Geographic circumstances which also contribute greatly to the growth at Rotterdam have not changed since the events of 1973. Rotterdam's position at the mouth of the Rhine and in the heart of a part of the world which is most heavily industrialized, its operational efficiency--all of these are still there. The OPEC countries have shown that they are familiar with the laws that govern the economy somewhat better than anybody else. The changes which have taken place in the international petroleum system do not signify a threat to Rotterdam.

Economies of Scale

To demonstrate the validity of the economies of scale also at this time, Riezenkamp gave some examples: Keeping in mind the currently very low charter cost and the dollar exchange rate as of the middle of August, the cost of shipping crude from Mina al-Ahmadi to Rotterdam, in a 20,000 t vessel, which would take the closest route through the Suez Canal, would be 132 florins per ton. With a fully-loaded vessel of 65,000 t, the transportation cost goes down to 58.50 florins per ton. A vessel of 120,000-t would permit further savings and the shipping cost would go down to 43 florins per ton. In all of these three cases, passage was calculated through the Suez Canal.

Now, by how much would the cost go up if we were to use a 350,000-t vessel which would be too big for the Suez Canal and which therefore would have to make the run around the Cape in both directions? Here is the answer: No more than 32.20 florins per ton. Once the Rotterdam channel has been deepened to 72 ft, this kind of vessel would be able to tie up there at full load. Right now, mooring is restricted to 62 ft, in other words, vessels of 275,000 t.

Future of Refining

There now remains for us to look at another problem which was taken up already on the occasion of an earlier channel dredging operation. A certain number of OPEC countries want to process a portion of their petroleum resources on their own and intend for this purpose to build a refining infrastructure setup. This effort is admirable and worthy of respect. But should that worry a petrochemical center of the dimensions of Rotterdam? According to Jan Riezenkamp, the answer can only be negative. Looking at the figures available regarding international refining capacity in 1981, we note that the primary distillation capacity in the noncommunist countries amounted to 3,439 million tons as of 1 January 1981, including 31.3 percent in western Europe and 5.8 percent in the Middle East, including Egypt. Plans and projects for new refineries should increase the capacity in 1985, again looking at the noncommunist countries, by 369 million tons, including 76 million tons in western Europe and 98 million tons in the Middle East. This would reduce the European percentage of the total while the Middle Eastern percentage would go up from 5.8 to 7.8 percent. Jan Riezenkamp then gave similar statistics concerning secondary refining, that is the cracking of heavier fractions and down-line operations (reforming and upgrading). The European percentage rate out of the total cracking plants would rise from 17.3 to 18.5 percent during the next several years. In the Middle East, this percentage would rise from 3.1 to 3.8 percent. In the down-line sector, once the projects now under construction or in the planning stage had been finished, the European percentage would rise from 29.9 to 31.5 percent and the Middle Eastern one would rise from 2.5 to 4.7 percent.

Naturally, according to the Europoort manager, one cannot blindly trust these statistics since they do not always correspond to the actual situation that will materialize some day; but they do serve as basis for future projections. Riezenkamp nevertheless considered it opportune to introduce yet another factor. It would not be correct to consider the future increase in the refining capacities of the Middle Eastern countries as being competitive with the industry in western Europe. Most of this new capacity would serve to meet the future needs of local and regional markets, including the Mediterranean countries. Saudi Petromin

for example has large quantities of crude refined, in other words, quantities which are to be reimported in the form of products to meet the needs of the domestic market, especially in terms of gasoline and gas-oil, while fuel oil is sold on the European market. Should we therefore expect that the new refineries in the OPEC countries would work for export? The OPEC countries would undoubtedly try to upgrade their barrel of petroleum by getting into the products market, that is to say, by trying to increase their share of refining, certainly picking the most economical solution which would give them maximum earnings.

They will probably try to sign refining contracts with currently underused European plants; this is more probable than the rise of new refineries for exports in the OPEC countries. After all, according to Riezenkamp, this kind of refinery would have to compete on the European market with the local refineries and that would take us back to the economies of scale: The enormous cost advantage of the super-tankers which would work in favor of bulk crude shipment. Furthermore, the relatively secure shipment of crude is preferable to that of gasoline and medium distillates. It was not just by chance that the refining centers were shifted from production zones to sales market zones. Here again, Riezenkamp cited a series of figures.

To transport 30 t of crude--approximately the current domestic consumption in the Netherlands--from Mina al-Ahmadi to Rotterdam, in 350,000-t vessels, making the trip around the Cape in both directions, the cost would be 906 million florins. Using a 250,000-t vessel, which would make the run, loaded, around the Cape, and which, on the return trip, would go through the Suez Canal, we would have a cost of 948 million florins.

Assuming now that the refining of this quantity of crude would be done in the Middle East, for example, in Kuwait, instead of in Holland, and that the products were shipped to Rotterdam in the proportion of 22 percent in the form of gasoline/gas-oil for automobiles and 78 percent in the form of paraffin, gas-oil, fuel oil, and bitumen, the cost would be as follows: First of all, we will have a saving of 5 percent in shipment, equivalent, in other words, to the cost of fuel consumed by the refineries, amounting to 1.5 million t, which would thus leave us 28.5 million t of products to be transported. If carried in 20,000-t vessels for gasoline and 65,000-t vessels for medium distillates and for fuel oils, which would be carried in both directions, taking the shorter route via the Suez Canal, we would have a shipping cost of more than 2 million florins, in other words, more than double than what we spend today for shipping crude. Finally, if all products, including gasoline, were to be shipped in 250,000-t vessels, going around the Cape, the cost would be higher than the current cost.

A balance point would be reached if all products were shipped in 350,000-t vessels; the only thing is that in this case the countries of the Middle East could obtain earnings no less than those currently derived from the sale of crude.

Jan Riezenkamp concluded his remarks by confirming his predictions to the effect that the development of the worldwide energy market will be less varied and eventful than many people seem to think, even though the European refining industry should not fail to reorganize itself. It is not yet clear whether this process would also extend to the petrochemical industry in view of the need for these plants to be close to their raw material suppliers, that is, the refineries. The European

petroleum industry will certainly have to display major inventiveness during the years to come. Nevertheless, it does not seem that Rotterdam should be particularly worried about the rationalization process. "Thanks to our excellent geographic location, our well-developed infrastructure facility, and the opportunity of obtaining decisive economies of scale, we can go into the next several decades without fear," the port manager concluded.

5058

CSO: 3104/144

LOWER WORLD OIL PRICE MAY FORCE FOREIGN BORROWING

Stockholm DAGENS NYHETER in Swedish 5 Mar 82 p 8

[Article by Bjorn Lindahl, DN correspondent in Oslo: "After Oil Price Declines Norway Must Borrow Abroad"]

[Text] Oslo, Thursday--While most of the world is breathing a sigh of relief over the decline in oil prices--as long as it lasts--brows are becoming more wrinkled in the Norwegian Ministry of Finance. For each dollar decline in oil prices, a billion in Norwegian income disappears.

What economists and others have warned against since Norway began to produce oil, the danger of becoming too dependent on oil income, has now come true.

Minister of Finance Rolf Presthus still expects that oil income for 1982 will be as much as expected, despite the fact that the government oil company Statoil will next week be forced to reduce its prices about as much as the British government firm BNOC, by 4 dollars per barrel.

In the predictions there is a safety margin of 15 percent included, and it will come in very handy, at the same time as increased dollar prices will neutralize some of the loss. But it now seems that the expectations for the next few years have been too optimistic.

Billions

"Everything indicates that 90 billion kroner is a more realistic estimate of the government's oil income in the next 4-year period than 100 billion kroner," said Rolf Presthus in a speech before the Norwegian Farmers' Association on Thursday.

Consequently the expected oil income for 1982-85 has almost halved in only 10 months. One year ago this was estimated at 170 billion kroner.

Must Borrow

This is going to reduce the freedom of the state to act. The previous government expected a surplus in balance of payments until 1985, and a balance thereafter. With lower oil prices that goal is going to be difficult to reach. This means that the Kingdom of Norway must prepare to borrow money abroad again.

Rolf Presthus pointed out, however, that it is not going to be a question of any massive policy of depressing economic activity of the type practiced by the labor party during the second half of the 70's.

"We must prepare ourselves for several very lean years," he said.

The question now is how the reduced oil prices are going to affect the conservative promise of reduced taxes. The party is divided in two opinions. The careful prime minister, Kare Willoch, believes that it will be difficult to carry out the large tax reductions that the conservatives promised. The party chairman, Jo Benkow, and the chairman of the finance committee, Jan P. Syse believe the opposite, that lower oil income makes even greater tax reductions necessary to stimulate industry and other businesses.

9287

CSO: 3109/115

OBSERVER DEFENDS NORDIC COUNCIL, COOPERATION AGAINST CRITICS

Oslo AFTENPOSTEN in Norwegian 6 Mar 82 p 3

[Commentary by Egil Sundar]

[Text] The increasing criticism that has been voiced, especially by the Norwegians, against the Nordic Council and the Nordic Council of Ministers concerning a lack of active, purposeful action is gradually beginning to work. Nordic politicians and governments are "engaging in self-criticism." In a situation in which the Nordic welfare state is shaken to its foundations and the number of the unemployed is approaching a million, in the wake of the Norwegian Council's 30th anniversary session in Helsinki several initiatives can be expected that are aimed at making Nordic cooperation more effective. And in spite of much of what has been said and written about Prime Minister Kåre Willoch's alleged reserved attitude in this field, there is reason to believe that the Norwegian prime minister will contribute to an exceptional degree to giving the cooperation perspective and meaning.

An analysis of the developments in formalized Nordic cooperation since the Nordic Council was established will undoubtedly show that the social democratic parties have on the whole played the most active part. This was quite particularly true in the 1950's and 1960's, when Nordic cooperation came to a rich flowering. Politicians such as Hans Hedtoft, Einar Gerhardsen, and Tage Erlander wrote their names gloriously in the annals of the Nordic Council. And others could be favorably mentioned.

But in all fairness, the non-socialist parties have also had their Nordic personalities, politicians who by virtue of both vision and ability played an important part in the development of practical Nordic cooperation. The late Bertil Ohlin, former leader of the Swedish Liberal Party, presumably occupies a special place. But as is always the case in political work, of course there were people from Trøndelag involved. Jon Leirfall and John Lyng, both of whom were very cool toward the Nordic Council and all its ways at first, came in time to make a considerable contribution as Nordicists--Leirfall as an extremely innovative chairman of the traffic commission and Lyng as a member of the presidium. As foreign minister from 1965 to 1970, too, John Lyng was an impressive figure in the Nordic arena. And many names could undoubtedly be mentioned in Nordic

connections, even though their respective parties had a relatively unengaged attitude toward efforts at Nordic cooperation.

Perhaps it is a sign of the times that it was Jo Benkow, chairman and parliamentary leader of the Conservative Party, who in his powerful, forward-looking opening address raised the question of the Nordic Council's rôle in the current situation. Benkow rightly said that the Nordic Council has played a surprisingly passive rôle in relation to the paramount problems with which all of the Nordic countries are struggling: high inflation, rising unemployment, little or no economic growth, increasing debts, inadequate public revenues, and budgets out of balance. And as one of the many who are impatient with the progress made in Nordic cooperation, Benkow--who is also chairman of the Norwegian delegation--spoke in favor of the Nordic Council's playing a more active and leading part in the dramatic process of reexamination and conflict that is now taking place in the Nordic countries. It must be realized that if the Nordic Council is to maintain its credibility among the Nordic population, it must produce results in matters that are of real significance to ordinary people, Benkow said, and added: "We should not leave Helsinki without having discussed new procedures, new means, and new goals."

The Nordic Council failed to pick up the gauntlet, in spite of Benkow's inviting discussion of a question that may prove to be quite decisive not only for the existence of the Nordic Council, but for organized Nordic cooperation in the broadest sense. It is astonishing that not even a question of that nature could especially interest the members of the council. And that is even more remarkable in view of the fact that the pan-Nordic technical organization made the economic problems, the alarming unemployment, and the lack of constructive cooperation the main theme of a two-day meeting in Helsinki. They are awaiting a greater involvement of Nordic politicians in this field.

"We hope the Nordic Council can make its work with these problems more effective," Knud Christensen, the new chairman of the Danish Federation of Trade Unions, said after the meeting. "They talk and talk, but the results are not in proportion to the many words. The Nordic Council should concern itself increasingly with economic policy and employment questions."

And this will happen, too, according to initiatives both from government quarters and from politicians in the Nordic Council. When the Nordic prime ministers meet again, for the Nordic Council's next session in Oslo, Prime Minister Kåre Willoch himself will see to it that those questions are on the agenda. Arne Skauge, minister of Nordic cooperation in the present government, is also very much disposed to bring the possibilities of Nordic cooperation into focus at a time when common problems and tasks to a great extent call for common solutions. To increase the rate of progress in efforts at Nordic cooperation still further, Benkow for his part has taken the initiative of providing the group of conservative parties in the Nordic Council with a part-time secretary who will have the function of coordinating the work and initiating new offensives. In view of the somewhat unsystematic and planless behavior that has previously characterized the conservatives in the Nordic Council, this measure is a big, important step forward.

Then what is to blame for the fact that the Nordic Council has not been capable of achieving greater and more focused results in a difficult situation for the

Nordic countries? Before the conclusion of the Nordic Council's session in Helsinki, AFTENPOSTEN put this question to the chairman and parliamentary leader of the Labor Party, former prime minister Gro Harlem Brundtland, who answers:

"The paradox that we unfortunately encounter all too often is that greater problems and more demanding challenges can affect everyday political activity in such a way that the solutions are short-sighted and the prospects less. That is a serious dilemma, not only in the Nordic area but nationally as well. The need for farsighted thinking and bolder initiatives is greater in times like these. I believe there are many who realize this and strive politically to broaden the perspectives. I want to warn against spreading pessimism. We must build on reality and on the politicians and the administration we actually have.

"Many things can and should be done better. Much has been done in Nordic cooperation. Many have shown unflagging optimism and courage to press forward. I believe these forces must be stimulated and supported. It is will and involvement that can give strength and new forward thrust--in Nordic cooperation as elsewhere. First and foremost it is more systematic effort by Nordic politicians and governments that is required.

"The last session of the Nordic Council dealt with many matters of essential value to Norway, in a wide field of Nordic everyday life, culture, and society. I believe it contributes to raising the level and standard both in political work and in administration that we can learn from each other, sharpen our attention and critical analysis. Twenty million people are still a small combined population by international standards. The qualities that we have and can develop are improved by our standing together.

"Employment problems have occupied a central place in this session, too, and rightly so. They are the real test of the vitality and strength of the Nordic welfare state. Economic cooperation is being expanded step by step. The arrangement for project export is one such proper step forward. It gives Nordic industry new chances to compete on an ever more demanding international market.

"Even though Nordsat is only halfway rescued, we still--in spite of everything--have a big, important matter for final discussion at Helsinki."

So says Gro Harlem Brundtland. When the Willoch government finally comes out with its various measures for cooperation, there will be an opportunity to demonstrate will to cooperate in a double sense--for the best for Norway and for the Nordic countries.

8815

CSO: 3108/74

WALLOON SOCIAL CHRISTIANS CHOOSE DEPREZ AS LEADER

Brussels LE SOIR in French 11 Feb 82 p 2

[Article by G. Dt.: "Plebiscite for Head of the PSC: Gerard Deprez Wins a Round, but Toughest Part Remains To Be Done"]

[Text] Wednesday evening, the whole administrative staff of the PSC [Social Christian Party (Walloon)] let out a sigh of relief. Gerard Deprez, its candidate for the party presidency, scored very well; it was nearly a triumph. He obtained 77.6 percent of the votes, as against 18.4 percent for Paul Vankerhoven, the candidate of the hardcore CEPIC [Political Center of Christian Independents and Cadres], and only 4 percent for Leon Pierson, the surprise candidate who expressed the voice of the traditional and silent rank and file.

The PSC is the only party which elects its president by universal suffrage of its members. There was a 36.6 percent participation; this is undoubtedly a low score, but fully comparable with the last PSC presidential elections in 1977 and in 1979.

Gerard Deprez was visibly pleased Wednesday evening. His score exceeded his expectations. He can now get down to the rebuilding of the PSC. During his electoral campaign he already announced the main lines of his policy. First of all, he wants to reunite the Social Christian Party by eliminating the organized "families" and by instituting a simple right to factions. On the other hand, he is going to prepare a "doctrinal renewal" congress, scheduled for Easter. Finally, he intends to advocate an opening to all social currents and a dialogue with all Christian organizations.

But Gerard Deprez' "salvage" operation will not be easy.

First of all, he will have to keep an eye on his right. True, up to now it has proven very accomodating. CEPIC has lost all its members of parliament. A district as heavily CEPIC oriented as Brussels seems to have shifted back to the center last Monday. Hardliners, such as Noel de Burlin and Jean Breydel, are no longer members of the executive committee. The election of a new district president requested by CEPIC, was postponed for a year.

But Gerard Deprez should not rejoice too early. The very respectable score obtained by Paul Vankerhoven indicates the strength of what remains of CEPIC. The right wing of the PSC is searching for an identity. The new president should not lose it; on the contrary, if he wants to successfully pass the hurdle of the municipal elections he will have to recover the PSC voters who voted PRL in the last elections.

Gerard Deprez will also have to protect his left side. The Christian Labor Movement [MOC] has announced the creation of a political movement. A veritable sword of Damocles for the PSC.

The actions of the Christian democratic ministers in the government and their firmness will undoubtedly be the determining element which will prevent the Christian left wing from opting for a new party.

For the time being, Gerard Deprez does not see any incompatibility between belonging to the PSC and membership in the political movement of MOC.

Hence, the sailing will be rough for Gerard Deprez. But his very good electoral score should comfort him. The low score won by Leon Pierson shows that the PSC "country," which is said to have been "disgusted" at times with its political representatives, had confidence in the candidate of the party machine anyhow and voted for effectiveness. But confidence is a transient present. Now, Gerard Deprez will have to justify it; that will be more difficult.

8463
CSO: 3100/323

OTTAWA SEEKS TO NORMALIZE QUEBEC'S FOREIGN RELATIONS

Montreal LA PRESSE in French 2, 3, 4 Feb 82

[Article by Louis Falardeau]

[2 Feb 82 p A 8]

[Text] Although Quebec lost the battle for constitutional change last 5 November, it did not lose all it had been able to acquire through a patient policy of affirmation that was born of the peaceful revolution a little more than 20 years ago.

The small victories achieved by Jean Lesage, Daniel Johnson and their successors against Ottawa's designs for centralizing will not be automatically canceled by the repatriation of the constitution. But the loss of the right to veto, and in particular the new balance of forces resulting from Quebec's humiliating defeat, are imperiling them.

Ottawa now feels strong enough to challenge the concessions it made reluctantly. One sees this in Ottawa's way of renegotiating the fiscal arrangements. Or in the ease with which it is preparing to increase its intervention in the cultural sector.

International Relations

One of the areas in which Ottawa's determination to return Quebec to the same provincial rank as the other provinces is obvious is the field of international relations. Even several months ago at Intergovernmental Affairs they were denouncing the "encirclement maneuvers" of the federal government, without, for all that, reducing the ardor that set Pierre de Bane to "normalizing" Quebec's relations abroad.

And if there is any terrain where Quebec's position is fragile, it is that one. The concessions that were extracted after a hard-fought struggle from Ottawa happened much less as a result of the federal government's recognition of the principle of extension on the international level of the proper competences of the provinces (in education, for example), than as a result of a de facto situation imposed by the tenacity of strong Quebecois governments and by the active support of France.

Since the early 1960's the federal government has taken a dim view of the Lesage government's decision to open Quebec to the outside by increasing Quebec's business firms abroad and setting up what was to become privileged cooperation with France.

Ottawa really wanted the province to enter into contact with other countries, and even wanted this to result in accords, but always with the condition that it would be done under Ottawa's strict supervision.

A condition that Lesage and his successors never accepted, at least when the relations and accords had to do with subjects pertaining to provincial jurisdiction. Hence the many "red-carpet" quarrels, which were only accentuated when Pierre Trudeau replaced the conciliatory Lester B. Pearson, and as Quebec became more enterprising.

Victory at Niamey

The province was to win the first round in 1970 in Niamey, in Niger, when Quebec obtained the status of a participating government in the Cultural and Technical Cooperation Agency (ACCT). There it is on an equal footing with Canada, as if it were the government of a sovereign state. Its delegates speak there on behalf of Quebec, without having to submit to the slightest kind of federal supervision.

(Some years later the federal government succeeded in diminishing the scope of the Quebecois victory by obtaining the same participating government status for the province of New Brunswick.)

Quebec owed the bulk of its victory to France and the preponderant influence it was exercising over the French-speaking African countries. De Gaulle had just left the government and his "Long live free Quebec!" still largely defined the French policy toward Canada.

At Dakar

The Levesque government was very much afraid of losing that asset ten years later, when Senegalese President Senghor launched the idea of a Francophone Commonwealth and invited everyone to come and found it in his country, in Dakar. Considering it necessary to repair the Niamey error, and taking advantage of the fact that the French president, Valéry Giscard d'Estaing, was neither Gaullist nor especially pro-Quebecois, Pierre Trudeau chose to adopt a hard line: not only is there no question of Quebec obtaining participating government status there, but the Canadian delegation will not even include a minister from the Quebecois government.

Mr Trudeau had two assets on his side. At the level of public opinion, it was easier to present Quebec's demands as "separatist," since an independently inclined government had come to power there. At the level of principles, he emphasized that the situation was not the same as at Niamey, since the questions being debated in Dakar went far beyond provincial jurisdiction.

Finally, France was to decide in Quebec's favor by deciding not to participate in the conference as long as Quebec did not obtain a solution which satisfied it to the problem of its representation. The Levesque government, weakened by its recent defeat in the referendum, welcomed with relief this non-defeat which was almost a victory, while in Ottawa Pierre Trudeau was angrily denouncing this new French interference in Canadian affairs.

Since then, two new facts have recreated a terrain favorable to a new attempt by Ottawa to "regularize" Quebec's international relations situation: first of all, we were told, the clear constitutional victory won by Trudeau over Levesque, but also the coming to power in France of a new government from which the Gaullists, the traditional allies of the Quebecois "separatists," are totally absent.

Two other factors are considerably weakening the Levesque government at the dawn of a new and perhaps ultimate red-carpet war: a dramatic economic situation, magnified by the federal decision to lower its transfer expenditures, which are robbing it of any budgetary room for maneuver and making it sensitive to all kinds of blackmail, and the internal crisis that is tearing the Quebecois Party apart and partially paralyzing the government.

It is within this context that the federal government, with the minister of state for foreign relations, Pierre de Bane as its directing force, undertook to settle the question once and for all and at all levels. Quebec is staggering under the blow as well as can be expected, aware that it has precious little means to defend itself.

One Hope: France

It is placing all its hopes on its traditional protector, France, which is merely in a position, not to assure it of new victories, but to save it from humiliating retreats. Pierre de Bane is also aware of the arbitrator's role that Paris will play and he is sparing no pains to assure himself at least of its neutrality.

Everyone is quoting statements and emphasizing gestures that are supposed to demonstrate that his own point of view is about to prevail across the Atlantic. But Paris' response will only come when it has made a real choice between Ottawa and Quebec. As there is neither a Niamey nor a Dakar on the horizon, the moment of truth could occur on the occasion of the visit that French Prime Minister Pierre Mauroy is to make here in April or May.

[3 Feb 82 p A 8]

The new federal minister of state for foreign relations, Pierre de Bane, is making no attempt at all to conceal the fact that Ottawa has decided to normalize Quebec's relations abroad and that it will not be stingy with the means to do so.

He even acknowledged, in all candor, during an interview with LA PRESSE the day after his appointment, that it was to punish Quebec that Ottawa took away from it the supervision of an ACDI [Agricultural Cooperative Development International] project in Zaire and has refused to allow it to have any other projects of that kind since.

Up to that point, the ACDI had concluded several contracts with the Quebecois government to manage cooperation projects in French-speaking Africa. But, says de Bane, the Levesque government has often behaved badly toward the federal government, whether it be over these contracts or on the occasion of other foreign contacts.

De Bane cites several examples, including the one that might be the straw that broke the camel's back. The ACDI had granted the Quebecois government the supervision of

an important contract in Benin. Several months later, Ministers Francis Fox and Clement Richard were in that country at the same time (for a meeting of the ACCT). Richard takes advantage of it to give a large reception and invites nearly everyone, except Fox.

Another time, Pierre de Bane himself, taking advantage of his good relations with a Guinean minister, undertakes to negotiate, in favor of International Hydro-Quebec, an important contract in that other African country. To show the important foreign visitor what the Quebecois State-owned company can do, a visit to the James Bay shipyards is planned. And to put all the chances on the Hydro side, de Bane, the "friend," is invited. Informed of the project, the minister of intergovernmental affairs quickly vetos it: there is to be no question of receiving a federal minister at James Bay! Hydro-Quebec has to yield.

No one is contesting these horror stories on the Quebecois side. Instead they are answering by recounting others, also bearing the imprint of pettiness. Like the refusal to allow Quebec to head a delegation in Dakar or the fact that Marc Lalonde went to open a school built by Quebec in Cotonou without informing the province. Each side explains that the other side started it and that each low blow is in response to an even lower blow by the adversary. If one digs a little, one finds nothing but an inextricable mixture of hatreds, accumulated frustrations and divergent principles.

But is it not the Quebecois, rather than their government, who are being penalized by the withdrawal of the ACDI contracts? Not at all, replies Pierre de Bane. "In 99 out of 100 cases, the contracts that would have gone to the Quebecois government are given to Quebecois companies (which was not the case for the Zairean contract, which went to a Colombian-British firm). Forty percent of the ACDI contracts are going to Quebec."

Two principles seem to be guiding the federal minister in his normalization offensive: from now on Quebec's foreign relations will have to respect the rules of federalism, that is to say, always be conducted under federal government supervision. In this way, for example, Ottawa will no longer agree to Quebec's prime minister receiving the heads of state or ministers of foreign countries one-to-one. It is imposing the presence of its ambassador on each occasion.

And Canada is granting special status to Quebec's relations with France, but on the condition that certain basic rules are observed, the first being that Paris is no longer to interfere in Canadian affairs and must stop treating the province with more consideration than the country. For example, Ottawa agrees not to interfere in arranging the Quebecois part of the sojourn of French visitors. But, considering that Quebec is part of Canada, it is now permitted, during the Canadian part of the sojourn, to conduct a French visitor around the beautiful province.

It is hard for Quebec to defend itself against the enforcement of the first principle. It has to content itself with protesting "another of Ottawa's centralizing maneuvers, another attempt at suffocating any assertion of Quebec's personality." And the prime minister refuses to meet with distinguished visitors when the presence of the Canadian ambassador is imposed upon him, as was the case when the Moroccan foreign affairs minister visited him.

It is different with the French, Paris having always resolutely defended the Quebecois positions. But this does not stop Pierre de Bane, who is sure he can change course, taking advantage of the change of government in France.

And he is not pulling his punches, manipulating the carrot and the stick without too much concern for diplomatic usage. On the carrot side, he says emphatically that he is thinking of the existence of favored relations between France and Quebec, and shows himself to be very open to discussion of projects for investment by the mother country in Canada (Arctic gas, for example).

On the stick side, the minister minimizes the importance of France-Quebec relations and caricatures them as relations between a capital and its colony. He asserts that France is ready to give everything to Quebec on condition that it does not cost France anything, and says that as a Quebecois he is humiliated by such treatment. Moreover, he does not confine himself to statements of principle, and when he believes that Paris is injuring Ottawa to please Quebec, he is going to complain in high places, at the Elysee if necessary.

At the same time, in the light of the report of the former Canadian ambassador to Paris, Gerard Pelletier, Canada is making a real effort to make its relations with France more effective and erase the consequences of "Long live free Quebec!" and the Dakar blow. It was in this context that Mr Trudeau proposed to President Francois Mitterrand that they each appoint a close associate whose special responsibility would be the Canada-France dossier.

Quebec's particular response to the Ottawa offensive was to increase its contacts with France's new masters. It was necessary swiftly to create ties of friendship with the Socialists, who knew much less about Quebec and the "Canadian problem" and who, above all, did not have that conniving friendship that characterized the Gaullists and the French right in general. Less inclined toward nationalism, they had also condemned "Long live free Quebec!" in 1967.

The work, which began before the Socialists came to power, has given rise to some spectacular conversions (changing the PS program in a direction favorable to Quebec, supporting Michel Rocard in the "Yes"), and has enabled several solid friendships to be created. But time alone can bring about the degree of complicity that used to exist with the right.

[4 Feb 82 p A8]

The federal government and its rebel province, both of them knowing that in the end Paris will be called upon to arbitrate their quarrel over Quebec's international relations, are feverishly counting up the points they have been able to score with the French government since Francois Mitterrand came to power.

In Ottawa they are emphasizing first of all that Mr Trudeau's proposal that he and Mr Mitterrand should each appoint a highly-placed official to be primarily concerned with the France-Canada dossier, was well received in Paris. In Quebec they are content to reply with a smile that it has not yet received a favorable response!

Ottawa is also pleased that the new French ambassador, Jean Beliard, is much closer to the federal theses than those of Quebec, unlike his predecessor, Pierre Maillard,

who really liked the red-carpet wars and always took part in them in the Quebecois camp.

In Intergovernmental Affairs it is recognized that this Mr Beliard, who should be a Gaullist, is in fact completely behind the ideas of Ottawa. But they note that he was appointed by Giscard and that, although Mitterrand has confirmed him in his post, it is conceivable that his opinions will never be listened to very much at the Elysee.

But above all they are stressing the fact that Quebec-Paris relations are never conducted through the embassy, but rather through the Quebec consulate, which in actuality, although for obvious reasons it does not bear the title, plays the role of France's embassy at the Quebecois government.

And they deny the claims of the Canadian minister of state for foreign relations, Pierre de Bane, seeking to have the situation changed. The consulate, we are told, still enjoys the privilege of direct relations with the Quai d'Orsay and Quebec-Paris relations are conducted, as before, without going around by way of Ottawa.

Finally the federal government is rejoicing in the careful statements of the new French leaders, especially the words of the prime minister, Pierre Mauroy, in an interview with LA PRESSE which tended toward the normalization desired by Ottawa.

Irritation in Quebec

In Quebec, no secret is made of the fact that those words caused a certain irritation, to the point that assurance was given that they did not reveal any change of course in France's Canadian policy and that the official line was still the line drawn by the statements of Mr Mitterrand, who has primary responsibility for the foreign policy of France.

They are also rejoicing in the beneficial effects of Mr de Bane's aggressive style on the cause of Quebec. Paris does not much like, they emphasize, to have it said that it has a colonialist attitude toward Quebec. The same is true of the tantrums the Canadian minister is going to have, all the way to the Elysee, when the conduct of a French minister has displeased him.

Questioned by LA PRESSE, the French consul in Quebec, Mr Henri Rethore, answers all questions with the characteristic prudence of a career diplomat. Having been at his post for two years, he confirms that his powers and prerogatives have not been changed in any way since the Socialists came to power. He still has direct relations with the minister of foreign affairs in Paris, "a result of those special and direct relations with Quebec that were decided upon in the 1960's with the agreement of the federal government."

As for whether the new government will adopt a different policy toward Quebec, Mr Rethore, without alluding to Mr Mauroy's most recent speech, takes us back to the words of the president of the Republic, Francois Mitterrand, spoken in Ottawa last year, when he met with Rene Levesque on the occasion of the economic summit. He sees in those words nothing to indicate any change whatsoever, the president having spoken instead of "continuing better than ever," of "accentuating" the cooperation between the two capitals.

Mr Rethore also notes that the general delegate from Quebec in Paris, Yves Michaud, has received the assurance (after the Mauroy interview), that nothing had changed.

The consul did not directly respond to Mr de Bane's words concerning the paucity of tangible results of the France-Quebec cooperation. He contented himself with emphasizing that the privileged relations have already yielded good results and that the cooperation was reoriented in 1977, rightly, to fill the gaps in economic matters. Since that time the accent has been put on operations of an economic nature (in the special fields of biotechnology, data processing, telematics, new energy sources, etc.), with tangible results that will appear in the report to be drawn up on the occasion of Mr Mauroy's visit.

Paris Remains Closer to Quebec

These words, rather reassuring to Quebec, nevertheless do not constitute the last word of the story. There is almost no doubt that the new French government, as much as the former one, is much closer to Quebec than to Canada, and that it is anxious to preserve the warm and privileged ties it has with the French province, and to increase the cooperation.

The problem will arise only if contentious Quebec and Ottawa force it to choose between the two of them, which Paris will avoid doing as long as possible. But, if it had to do it, if Ottawa challenged Quebec's presence in the ACCT, if the idea of a French-speaking commonwealth surfaced again, or if another problem of that kind were presented, would Mitterrand be ready to go so far as to interfere in the country's internal affairs in order to support the Quebecois government with all his weight, as was done by his three predecessors, de Gaulle, Pompidou and Giscard d'Estaing?

Mitterrand, like Giscard before him, would like very much for the good relations with Quebec to be coupled with normal relations with Ottawa. He too is well aware that France would have every interest in getting along with this country, where there is also oil in Alberta and gas in the Arctic. Despite this, when Giscard had to decide, in 1980, he chose continuity and Quebec.

But he was steeped in a pro-Quebecois tradition, he was surrounded by ministers and deputies (often the most influential) so pro-Quebecois that it was feared here that they would not forgive the Levesque government for having lost its referendum. There is nothing like that around Mitterrand. Staunch friends of Quebec, yes, but few fanatics. And no tradition. And this Mauroy who seems not much interested in the question and who could be the weak link where the chain might break.

What they might be hoping for in Quebec is that Ottawa will try its luck on another subject, seek for example to challenge a solidly-established tradition and give Paris a choice whereby it would be asked to lose face, to effectuate an obvious withdrawal. In that case there is no doubt that Mitterrand would react like his predecessors. If anyone dared, for example, to "make trouble" over questions of detail at the time of Mauroy's trip in the spring, to go back on the rules established at the time of Raymond Barre's visit.

But, if Ottawa did not blunder, if it patiently bided its time, though it might mean in passing picking up all the small concessions that could accompany a normalization of Paris-Ottawa relations, then, in Quebec, they would be less certain of the final result. They would remain confident, of course, but they would be really worried that the moment of truth had gone by.

UNION, SDP WHIP: MUST DEMAND PARTY LOYALTY ON DEFENSE

Copenhagen BERLINGSKE TIDENDE in Danish 4 Mar 82 p 5

[Article by Jørn Mikkelsen]

[Text] "We should be able to expect more loyalty within the Social Democratic Party within the coming years. Many of the group members who voted against increased grants to the Armed Forces when the vote was taken on the budget were among those who pressured Anker Jørgensen to remain on the prime minister post. They have now had their way. Consequently, the party leadership must also expect a display of the needed loyalty."

This statement was made by the deputy chairman of the Social Democratic Folkeeting group, Henning Jensen, against the background of the sharp attacks by the Metal Workers Union on the 12 Social Democrats who voted against increasing the defense grants. Henning Jensen does not conceal the fact that he is very uneasy about this rupture within the group.

The paper of the Metal Workers' Union METAL says, among other things: "We are at a complete loss to understand how the party can just let matters take their course. For this is not calculated to creating confidence in the political stability within the party--and how on earth will it be possible to govern the country if one cannot find agreement within one's own family."

Henning Jensen states that he is in complete agreement with this criticism, but he points out, however, that the party leadership does not allow matters to take their own course when such a disruption within the group occurs:

"We are greatly concerned each time this happens. But now there will have to be an end to such separate views."

One of the twelve Social Democrats who voted against increasing the defense grants is chairman of the Danish Radio Council Birte Weiss. She turns around the question of credibility, stating:

"It would be detrimental to the credibility of the party if people force others to take a certain position. I feel that a party as large as the Social Democratic Party should have space for disagreements, and, incidentally, I find the agreement within the party excellent. It would at least serve

no purpose to impose a decadent discipline."

Birte Weiss says that the person writing the editorial in METAL fails to mention that, at the annual meeting of the Social Democratic Party, a decision was adopted to work for a zero-solution in respect of the defense expenditures. She finds that it is rather the 12 members voting against increasing the defense grants who act in accordance with the decision adopted at the annual meeting. She concludes by saying:

"I do not feel intimidated by the editorial and do not want to take the initiative to have the air cleared. The writer of the editorial in METAL may have the opinion he wants, and I suppose we can remain equally good friends for that matter."

Another member who voted against increasing the defense grants was Jimmy Stahr. He says: "It is here a question of conscience--regardless of the opinion of the Metal Workers' Union. I could also mention lots of things on which the Metal Workers' Union is not in agreement with the party. The writer of the said editorial is quite aware of this, so I do not want to go into further details on that. The editorial, more or less, sets the stage for a rupture within the Social Democratic Party, and there is, of course, no question of any such rupture. The group is in agreement to support the Armed Forces and NATO."

Jimmy Stahr goes on to say that he takes note of the attack on the part of METAL but otherwise does not want to do anything about it.

7262

CSO: 3106/76

JORGENSEN COMMENTS ON BESIEGED SDP MINORITY GOVERNMENT

Stockholm DAGENS NYHETER in Swedish 5 Mar 82 p 14

[Article by Thomas Jonsson, DN correspondent in Copenhagen: "Danish Social Democrats in a Permanent Minority--Losers Who Govern"]

[Text] Copenhagen, February--When Anker Jorgensen set up a new government in January it was his sixth since he became prime minister in 1972. It was the 16th social democratic government in Denmark since World War II.

The social democrats have, either alone in the minority or in coalition with others, governed Denmark for 27 of the 37 postwar years.

The period of election to the Folketing should really be 4 years. But during the entire period of the 70's there has been a new election every other year--the most recent was in December last year.

The result was the usual: the social democrats lost the election but still set up a new government.

"We are the only large party in Danish politics. Bourgeois majority does not necessarily mean bourgeois unity," said Prime Minister Anker Jorgensen.

The basis of the Danish social democratic dilemma is that the party traditionally is supported by only about one-third of the voters. That does not give sufficient strength to govern with unencumbered socialistic policies.

Still, Denmark was the first foothold of the Social Democratic Party in the Nordic countries. The party was founded in 1971--18 years before the Swedish--and won its first seat in the Folketing in 1884, 12 years before the Swedish party won a seat in the Rikstag.

Cooperation Across the Middle

But social democracy in Denmark has always been forced to cooperate politically across the middle. This has strengthened the left--outside social democracy--and divided the party into different disagreeing factions.

"The profile of social democracy has paled due to its cooperation with more conservative forces. Governing from a permanent minority has wasted the party away," said Professor Tage Kaarsted, political scientist and leading Danish election commentator.

In the December election the social democrats lost 9 seats, going from 68 to the present 59. Ninety thousand previously social democratic voters moved to the Liberal Party and the Socialist People's Party (SF, which corresponds to the Swedish Left Party Communists), which added 10 new seats to its previous 11.

The election result means that Anker Jorgensen will now govern Denmark with 26 Folketing members to the left of the social democrats and 90 to the right.

He claims to dislike the resulting frustration.

"If someone like myself has been in the Danish labor movement since the war, he is used to the parliamentary situation where we first gradually developed our policies," he said.

Like the election researchers, the prime minister believes that the defeat of the social democrats in December is not a long-range defeat. The party usually recovers after a painful defeat--Danish voters are light on their feet.

"Our election defeat had one cause," said Jorgensen. "The economic crisis. We have been in the government for a long time. This has divided the party. Some groups believe that we could have done better with our policies."

The Policies Are Cut Down a Little

Anker Jorgensen believes that the role of social democracy has been and will be to carry out powerful--but not dominating--actions for building society.

"If we do not succeed the first or the second time that we propose a bill in the Folketing, we succeed later.

"The Danish party and the labor movement have been successful in accomplishing the traditional goals of social democracy--welfare, democracy, and an education system with justice for all," said the prime minister.

"The great remaining task is to democratize economic life. Of that we have only accomplished a small amount."

He said that even if the party had the majority of Danes behind it, 90 percent of socialist policies would be the same as they are today. Today three-fourths of these policies get through--but they are being cut down a little.

But the newly created social democracy should apply itself to democratizing the economy and working life.

"A new 'joint property law' with emphasis on the 'joint'," said Anker Jorgensen. "As it is now I believe we can move forward with such a proposal. But it will probably take the entire 1980's."

The social democrats should also expect to conduct a more active economic policy, reorganize the tax laws, move into the labor market to create more learning and training jobs for youths, start profitable public community economic projects to create jobs for the 300,000 unemployed Danes, etc.

The Opposition is Split

But that is something to wish for. Another and more sober truth exists in the Folketing at Christiansborg today.

The election produced largely unchanged conditions between the socialist and the bourgeois blocs. The voters went to the left of social democracy.

"Clearly we have problems explaining to the voters why we are forced to make government decisions which do not always fall in line with our programs," said Jytte Andersen, Folketing member and secretary of the social democratic Folketing group.

Anker Jorgensen is aware of the threat from the left: "It is a dangerous political development for us if some voters decide that they are supporting us best by voting for parties to the left of us. A precondition for strength against the bourgeoisie is that we become a larger party."

Today he governs with support from both the Left and the Right: SF's 21 seats and some of the 9 of the Radical Liberal Party. The prime minister said that cooperation is not a problem.

There is No Alternative

"They pull and tear at us from both sides. But SF is simply forced to approve our policies. The radical liberals are uncertain about in which direction they will cooperate. As long as we social democrats do not go farther than we plan ourselves, we can stand firm.

"Strength, however, depends on the opposition. The opposition is badly split and can not manage without support from Glistrup's frozen-out Progressive Party to create a credible government alternative."

"Social democracy has no real alternative in Danish politics," said election sociologist Professor Ole Borre. "All the other parties are now satellites of the Social Democratic Party. Their policies are decided by the proposals which the social democrats put forth."

The studies of elections which Borre has made since 1971 show another danger threatening social democracy. Today the party's voters are older than the voters of other parties, and the Social Democratic Party is clearly underrepresented among the younger voters.

The party leadership has been strongly criticized by the powerful LO [Trade Union Confederation] for having at times a policy against the workers, such as savings programs and forced intervention to stop labor conflicts.

"The LO leadership has confirmed that more and more of their members are no longer social democrats, but have moved to the left--a clear consequence of the social democrats cooperating with the middle," said Tage Kaarsted.

Divisions and disagreements are also noted within the party. The Folketing group obviously has leftwing and rightwing groups: the last week in February 12 of the 59 members threatened to vote against the settlement which increased defense appropriations, which the government had worked out with 3 smaller bourgeois parties.

Since the referendum on the EC the party has had a strong neutralist, pacifist and economically radical left wing, which on certain questions is closer to SF than to the mother party.

Then why do not the social democrats go into the opposition: unify the party, placate LO and win back voters from the various other parties on the left?

Jorgensen Voted Down

The answer clearly shows the problems which paralyze social democracy in Denmark. After the December election Anker Jorgensen wanted to go into the opposition. LO boss Thomas Nielsen demanded that the party should leave the government.

But Anker was voted down in the Folketing group. The younger social democratic members said that they were afraid that a bourgeois government with Glistrup at the head would destroy the welfare state which the social democrats had been able to build up despite everything.

"And even if we were in the opposition we would have had greater social responsibility than SF," said Jytte Andersen. "We would sometimes have been forced to support bourgeois savings proposals. That would mean that the left in Danish politics would still be split."

"SF can conduct the most effective opposition policies," said Tage Kaarsted from experience in 1968-71, when both the social democrats and the SF were in the opposition.

"It is easier for SF to oppose--they do not have the same government aspirations as the social democrats.

"The dilemma for the social democrats is that no matter what is done there will always be some friends of the party who believe that it is wrong."

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DANE DEFENDS GREENLAND AGAINST EC RETALIATION FOR VOTE

Copenhagen BERLINGSKE TIDENDE in Danish 5 Mar 82 p 3

[Article by Jørn Mikkelsen]

[Text] The Christian Democratic Parties within the EC have been very anxious for Greenland's rejection of continued membership in the EC to be punished severely and consistently. This was to be done through drastic cuts in Denmark's economic aid to Greenland.

At the Christian Democratic group meeting at Christiansborg during the last few days, Center Democrat Erhard Jacobsen, however, has managed to change the attitude among the nonsocialist politicians within the EC.

Erhard Jacobsen is himself a member of the European People's Party, which is composed of the Christian Democratic Parties within the EC and, with its 117 members, is the second-largest group within the EC Parliament.

"I explained my view of the matter," Erhard Jacobsen tells BERLINGSKE TIDENDE, "viz. that the most important thing must be for Greenland to remain in NATO, and that Jonathan Motzfeldt, on several occasions, has guaranteed that Denmark and Greenland will stick together on security policy matters. Of course, what has happened is no world event either."

Erhard Jacobsen expresses his confidence that the close ties between Denmark and Greenland will remain unimpaired despite the EC referendum. He stresses the cultural and historical obligations of Denmark to the Greenlanders and goes on to say:

"Actually, it was a most fortunate thing that the matter was raised by the Germans. I had not planned to do it myself because, as the host of the group, I wanted to keep somewhat in the background. But the outcome of our discussions has been that my fellow politicians within the European People's Party have changed their views and show great understanding of both Denmark's and Greenland's situation. It would be entirely irresponsible to punish the Greenlanders for their EC decision," Erhard Jacobsen concludes.

DISARRAY IN SPD, FDP OVER EMPLOYMENT PROGRAM

West Berlin DER TAGESSPIEGEL in German 17 Feb 82 p 2

[Article: "SPD and FDP See Themselves at the Limits of Their Willingness to Compromise. Further Controversies Over Employment Package"]

[Text] In the opinion of the four North Rhine-Westphalian SPD regional chairmen, the FDP has made so many demands upon the SPD that the limits of their tolerance have been reached. The Lower Rhineland SPD regional chairman, agriculture minister Baeumer, stated yesterday that the SPD must ask itself the question whether it can any longer maintain its profile as a party of the working people "which must be concerned with well-being and the problems of the little man." Federal minister of economics, Count Lambsdorff (FDP), on the other hand, cautioned the North Rhine-Westphalian SPD against delivering "any more kicks in the shins of the social-liberal coalition government."

Baeumer asserted that with the structure of the employment program "the limits of what can be imposed upon social democracy had been reached." The liberals and their head, Genscher, should "especially in the near future be careful, for their own sake, not to make too many demands upon the Social Democrats." "Encroachment upon the inalienable socio-political profile of the SPD" would be "too high a price for political alliances of any kind." The head of the large Western Westphalia SPD district, Heinemann, declared, "The FDP has to be told that it cannot exploit its position beyond reason." In contrast to Baeumer, however, he would not "put the coalition question in jeopardy under any circumstances," since neither the question of employment nor peace should be put in the hands of the conservatives.

The head of the SPD parliamentary fraction, Wehner, warned his party yesterday against depriving themselves of the responsibility for maintaining the government. At a meeting of the working group for labor questions at Dortmund, Wehner reported that several SPD functionaries had advised him to break off the coalition with the FDP in Bonn. This, he said, would cause the SPD to lose ground and could banish it to the opposition benches for at least 15 years. A "temporary breakdown" of the party would then be unavoidable. The coalition in Bonn was "no love affair"; a joint effort would, however, prevent the employment crisis from becoming a social crisis with unpredictable consequences and dangers.

The CDU secretary-general, Geissler, yesterday called upon the FDP to respond to SPD proposals, which, in his opinion, would run counter to central points in their declared coalition policy. In its economic policy motion to the national party congress the SPD failed to remark the real cause of growing unemployment, which lay in high interest rates and taxes now burdening employers.

The Bonn coalition's employment program had reached "the FDP's limits of toleration" said the FDP's parliamentary economics expert, Ingrid Matthaeus-Maier, in an interview with the NEUE PRESSE of Hanover. It was no easy task for the liberals suddenly to have to support tax increases which they had been opposing in public for months before. If SPD cabinet members put this joint package in jeopardy as minister for housing Haack has done, then "this will be poison for the coalition." Ms Matthaeus-Maier went on to say that "the SPD has blocked the increase in the oil tax." It had been thought in this way at least to achieve some measure of structural changes.

9878

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SWITCH TO CDU/CSU IN 1983 PREDICTED

Vienna PROFIL in German 15 Feb 82 pp 30-31

[Article by Werner A. Perger, Bonn: "Climacteric Years--How Long is Genscher Going To Remain With Schmidt?--A Rhenish Guessing Game for Advanced Players"]

[Text] In a separate room of a small restaurant in the vineyard village of Oberdollendorf, a few kilometers upstream from Bonn, there sat a number of gentlemen last Wednesday until shortly after midnight discussing the prospects of when there would be a change in administration.

They are not the only ones who would like to know. A lot of people are wondering about it these days. The question is the No 1 subject of the class in politics, and a number of people deign to jest about it. The end would come as early as this March, Hans-Dietrich Genscher, vice chancellor and FDP chairman, reportedly told various people merrily at the sportsmen's ball last weekend.

Whether this was a fact or merely a (good) invention--the man presiding over the round on Wednesday night enjoyed reporting it, for the majority of the people there had a very special interest in the subject. Most of the approximately 15 gentlemen were CDU members, and a few were even officials in important positions.

At some time or another between schnitzel, champagne and dessert, each was colared and asked for his forecast. March 1982? Only one thought the downfall of the chancellor was that close. One other prophesied, "Before Hesse"--in other words, before the Landtag election in late September this year. Two or three tipped 1983, but the greatest unanimity, lo and behold, was for the fall of 1984, the date of the next Bundestag election. (I have gone on record as guessing June of next year.)

For all these periods of grace being granted to the coalition, there are carefully weighed reasons (except for the prognosis issued Wednesday night by a joker of an editor-in-chief from among CDU circles who envisaged the SPD-FDP coalition in power until 1988).

There is, for example, the expectation of a change in administration here and now--that is, by this Easter. Well, why should Genscher not be proved right? After all, he has some say in the matter, and his party clearly has reached its political climacteric years.

True, as late as week before last Genscher got his Liberals to pass the vote of confidence which Schmidt had asked of the deputies. But no sooner had one of the Social Democratic ministers carped at the rent reform which the FDP had insisted on as part of the SPD-FDP employment program than the vice chancellor, disgruntled, sounded the alarm, saying, "Whoever talks this program to death is taking this coalition to death."

As if this was his biggest worry. Anyone who has had any contact with Genscher these days has felt that the man is sick and tired of the coalition with the socialists.

Genscher has done what he can to spread the word. Before leaving for the cabinet meeting Wednesday morning, for example, and having barely returned home from the quarrel about Poland in Madrid, he said goodbye to correspondents with the remark, "I am going on the warpath again." As far as his SPD government colleagues are concerned, he is making it a rule to indulge in undisguised groaning and grimacing. "That crazy cabinet" is what he calls the federal chancellor's staff meeting. Most of the people there he regards as duds and hardly makes a secret of it. The average consumer talks about fairly close colleagues (and superiors) in such a frank and barefaced manner only once he has decided to give notice.

Nevertheless I consider other ideas about the date of a change in administration in Bonn to be more realistic. For a start there is the employment program. Perhaps it is the last joint project of the coalition. Anyway, once more and hardly expected any longer, it has restored the old lines of political conflict between government and opposition.

The program is supposed to at least stop the increase in unemployment in West Germany. (At present there are almost 2 million unemployed.) But it has considerable flaws, bearing all the marks of a compromise. Conservative elements (prolandlord changes in the rent law) contrast with structural policy investment control (ERP [Marshall Plan] funds to assist medium enterprises in investments for the protection of the environment). The majority of experts have already reacted to this saying that the program will not be effective.

Maybe so. Nevertheless with this initiative Bonn set an important date. Contrary to what the opposition proposes, the idea is now not primarily to make cuts in the social budget (for instance, in unemployment compensation) to finance the labor market program; rather the financing is to be made possible through higher state income. Specifically, Bonn as of mid-1983 wants to raise the value-added tax by 1 percent.

For one thing, this is of international interest. By turning from neoconservative recipes a la Milton Friedman ("tested" in practice in the OECD sphere in Margaret Thatcher's Britain) to classic social-liberal models of state intervention a la Keynes, Bonn is lending support in the economic debate, at least as far as planning goes, to those who do not leave the future of their economy solely to the "self-adjusting market forces" and similar accidents. Crisis management is not to proceed at the expense of the socially weak--as is happening in the United States at present.

Thus, in the West, Paris, Bonn and Vienna are on the same wavelength. Ideologically the other side is at home in Washington, London and the CDU-ruled Laender of the FRG. In the Bundesrat [FRG upper house] in Bonn, the CDU majority will therefore block the value-added tax (and thus the action program). The strong German federalism makes this possible.

This, then, is the domestic effect of the program, regardless of the economic effect: Once more the SPD and FDP face a united CDU/CSU front.

Liberals and Christian conservatives have far more in common in their economic ideology than the FDP and the SPD, particularly as far as criticism of the welfare state is concerned. To this extent, in fact, conservative critics regard the Bonn program as the "fall" of the Liberals.

For the present, however, the government parties are still on a joint platform. At least indirectly, in the vote of confidence, they have voiced their support for Schmidt. And the conservative economic minister of the FDP, Otto Graf Lambsdorff, has stated that the CDU is not revealing any "creative force."

This means that for business reasons the Bonn coalition probably will hold together at least until June--that is, the municipal assembly elections in Hamburg.

While the SPD is bound to lose its absolute majority there, it might have enough seats to form a coalition with the FDP, if need be as a minority Senat at the sufferance of the Alternatives, who probably with up to 10 percent of the vote will become the third strongest parliamentary party.

In September, Hesse, the biggest hurdle, will follow. As yet the Social Democrats and Free Democrats are governing jointly in that onetime original stronghold of the leftwing SPD. If majorities permit, they will continue to do so.

This is improbable, though. Alfred Dregger's CDU will score a decisive electoral victory. The chances are, however, that "the Greens" will also enter the Landtag. As a result the CDU will fail to get an absolute majority and will need a coalition partner. As things stand in German Laender these days, the only candidate for this is the FDP.

This certainly is a hard nut for the SPD to swallow, but it would mean that the coalition in Bonn would get a period of grace, because a CDU-FDP coalition is more inclined to compromise with an SPD-FDP federal coalition than is an all-CDU government.

Unless, of course, the FDP finally wants to get off. As we have said, despite the employment program, despite the vote of confidence, there are a lot of indications for this. According to further information from Genscher's collected confabulations of the last few days, it will not be possible to avoid new federal elections if Hamburg and Hesse are lost.

The FDP chief knows that the procedures and legal situation in Germany make this a very complicated business. To use the appropriate idiom of gentlemen riders, he is going to "change horses in midstream."

This needs time to prepare--time for a visible public collapse of the coalition in Bonn. The change from the SPD to the CDU/CSU must not come as a surprise. If the FDP is to survive it, it has to be a logical one.

One thing is clear: the thing has to occur at least a year before the regular Bundestag election. In other words, Genscher's FDP has time until June 1983.

8790

CSO: 3103/305

KOHL ON OPPOSITION'S POLICIES, BONN'S ECONOMIC MEASURES

Hamburg DIE ZEIT in German 19 Feb 82 p 3

[Interview with CDU Chairman Helmut Kohl by Rolf Zundel, date and place not specified: "The Government Is No Longer Functional"]

[Text] Has the opposition missed an opportunity to topple the government? Is it using obstructionist tactics? Is the Union nothing more than a mouthpiece for the American hawks?

ZEIT: Herr Kohl, the opposition has been saying for months that the coalition is finished. For several months now it has been blowing the trumpets of Jericho, but the walls of the coalition are still standing. How come?

Kohl: The government is still living on the comfortable majority which it gained during the last election. And its desire to stay in power at almost any cost is presently still stronger than any material differences of opinion, even though in fact there is no more joint program of the two coalition parties, no functional government. The government is simply sitting back passively.

ZEIT: In the Union too there are those voicing the criticism that the opposition did not react properly. The charge is made that as it expressed itself in Keuth, the Union is not tough enough.

Kohl: I don't agree that such accusations are just. After the 1980 election defeat, the CDU/CSU quickly got back on its feet. It became fully functional and, in contrast with the SPD and FDP, it has remained so to date.

ZEIT: Fully functional? CSU General Secretary Stoiber thinks that the Union has wasted some opportunities last summer and fall.

Kohl: That is one of Herr Stoiber's opinions which I do not share. Last fall we proposed a program for stabilizing the country's finances; we made some specific proposals for this.

ZEIT: With some labor pains!

Kohl: Certainly. We made these proposals along with that public discussion which was triggered by FDP Chairman Genscher with his letter to all members of the FDP. But as it turned out, the FDP was not strong enough to push through a policy of reason during the negotiations in the late fall. The Union on the other hand managed to accomplish a number of worthwhile things in the mediation committee--e.g., housing construction.

ZEIT: Does it bother you that the chancellor is spreading the word that the country must not be entrusted to a government led by you in times of crisis, and that within the FDP the rejection of the Union as a government coalition partner is based on you as an individual?

Kohl: What the chancellor is saying about me doesn't bother me. I am used to that sort of thing. I think that the chancellor should worry about his problems, and I'll worry about mine; that would be beneficial for the country. As to statements from the FDP camp, there are all kinds. They mean nothing to me.

ZEIT: You mentioned the difficult tasks confronting the party and fraction chairmen. There seems to be a variety of possibilities. One method is to emphasize unanimity and agreement, which sometimes detracts from the top man's image--as in the case of Brandt. The other method is to make sure everything is well understood, if necessary at the expense of one's own party--like in Schmidt's case. Where would you fit in?

Kohl: I don't believe these labels are valid. I cannot see where Schmidt's policy is blessed with clarity--take the employment program, for example. As recently as 4 weeks ago, Herr Schmidt called it pure activism; now he says it is wisdom incarnate.

But to get to the bottom of your question: despite identical program objectives, a party coalition like the CDU/CSU is faced with the problem of producing unanimity in political action. This makes me think of a simile used by Abraham Lincoln. A totalitarian regime, he said, is like an elegant sailboat which swiftly cuts through the waves but which founders at the first obstacle and sinks miserably; whereas a democracy is a raft aboard which the water always reaches one's navel. To extrapolate to my experience as a party and fraction chairman: a popular party is a raft, relatively immobile, not particularly elegant, not always stylish...

ZEIT: But it reaches its goal?

Kohl: Certainly. If we get 50 percent of the voters in the FRG behind us and seek and find tradeoffs within our own party, then we also contribute to a sensible compromise in the country as a whole. To that extent, I am committing myself, as party and fraction chairman, to the necessity of bringing about a centrist policy.

ZEIT: At the expense of your image?

Kohl: On the contrary. This must of course not lead to the point where policy outlines are no longer unequivocal. As a matter of fact, there is

hardly anyone else in the Union who during the past few years has as unequivocally opposed the attacks upon the spirit of the age as I have. It was I who clearly expressed a position while others were still vacillating--for instance, in condemning Soviet aggression in Afghanistan or in the question of participating in the Olympic Games. The Union, with its large contingent of workers, was responsible last fall--in great part due to my personal urging--for coming up with resolutions designed to eliminate excesses in the social security safety net.

ZEIT: In view of its numbers, the opposition basically does not have the means of toppling the government. All it can do is to help bring about a situation in which parts of the government become convinced that things have come to a halt. Is the opposition's decision to block the growth and employment program in its present form designed to reach that goal--to make the government incapable of functioning?

Kohl: No. Our primary task is to prevent those things from happening which are stupid and damaging. The word "blockade" in this context is entirely wrong. I hardly know a single expert, and I don't know a serious politician, who would not admit to me, at least privately, that the increase in the value-added tax is poison, that it would have catastrophic consequences for the wage negotiations.

ZEIT: Former Minister for Economics Schiller, while not considering the program to be a miracle remedy, thinks it has merit overall; specifically, he regards the increased value added tax as an economically feasible means of rerouting funds from private consumption to private investment.

Kohl: In any case, I am in agreement with the view of Schmidt, Genscher, Matthoefer, Lambsdorff and many others who declared, as I did a few weeks ago, that a value-added tax increase is poison because it would have an effect on wage negotiations without stimulating the economy. And we did not say that we were rejecting the program in its entirety.

ZEIT: A whole range of divergent opinions was heard on this. At one time, no program at all was wanted; later there was some discussion as to whether some additional debt should be incurred for the purpose. Opinions within the Union were vacillating considerably for a while.

Kohl: But that is entirely normal! After all, we still don't know even now what the final government program looks like. For instance, I still don't know the details of the investment support. Until now, nothing has been produced. When the program is submitted, we will examine it carefully. And as far as I know, there are some valid portions in the program. But we will not go along with the value-added tax increase.

ZEIT: This is not negotiable in any case?

Kohl: No way.

ZEIT: And this opinion is shared by the entire squad of Union Land chairmen--including the Saarland, whose economics minister has made some positive comments about the program?

Kohl: You can take it for granted that the CDU/CSU will reject the tax increase in the Federation and in the Laender. After all, the 2 billion are not an enormous amount. We have proposed that it be raised by making economies, and we have offered to help with this--an offer never before made by an opposition.

ZEIT: Aren't you afraid that this will place the Union in a relatively difficult situation? If the opposition blocks the value-added tax and states that the program will either come about in its own version or not at all--would that not give it the image of an obstructionist party? Would this not of necessity provoke the mentioning of Sonthofen?

Kohl: Not at all! I am of course aware of the intention, mainly on the part of the Social Democrats, to saddle us with that role. But the Social Democrats' reputation with the workers has deteriorated to such an extent that I am not afraid of that campaign. I am looking forward to the public discussion and to this year's Landtag elections with quiet confidence.

ZEIT: What is the meaning of Norbert Bluem's statement that the coalition's employment program is like a cow which is fed by the little people and milked by the big ones?

Kohl: Bluem fears--as do all our middle class party members--that the fallout of this investment support will primarily benefit the large enterprises.

ZEIT: There is no such thing as an investment program without fallout, just as there are no social security expenditures without fallout.

Kohl: But it makes a considerable difference whether or not the program is from the beginning designed to benefit the middle class. That is what Bluem has in mind. And he goes on to say--with my complete agreement--that in making economies, great justice must be employed.

ZEIT: But in that case, would not the increase in value-added tax be just the ticket? It would serve for a relatively wide distribution of employers' contributions, while all that is known to date about proposals from the Union only concerns but a small segment of the socially disadvantaged: recipients of tuition grants, unemployed persons.

Kohl: I strongly disagree with this. That is a statement spread around by the socialists but which is entirely untrue. The principle of social justice must not contradict the principle of economic realism. For us the decisive policy factor is not the social attitude, but the social effect. Besides, you have addressed only one aspect. We have submitted a complete package. We have said that we are considering a linear cut in subsidies.

ZEIT: Budget experts consider this to be eyewash.

Kohl: I know the budget experts who say that; they are prejudiced. How come the FRG government's consultants, who are accredited economic policy experts, have proposed this, as well as the experts of the Federation of Chambers of German Industry and Commerce? The Swiss have already done it years ago; what was possible there must be possible here also.

As to the Federal Law for the Advancement of Education, any thinking person must realize this: today's educational support system in the FRG surely cannot continue as is. I am fully in favor of returning to a system whereby a small portion of the grant would be given upon proof of performance, with the larger portion of the sum to be given in the form of a loan.

ZEIT: The President of the West German Conference of Rectors, George Turner, fears that this would provoke a condition in which only rich people and exceptionally gifted individuals would be able to afford advanced education. He thinks this is dangerous, because our entire system requires a broad academic base.

Kohl: In my discussions with the Rectors' Conference I did not gain the impression that they objected to my ideas. We don't want to be guided by the law of the big numbers.

ZEIT: If for example you would reduce the limit on income to DM 1,800 for student tuition assistance, families would be faced with the decision of whether the young person should earn money or go to school. It was exactly that decision which was to be avoided through the Law for the Advancement of Education in order to make the country more competitive and to provide equal opportunity.

Kohl: As to equal opportunity, it is correct that those who apply themselves must find open doors everywhere in our society. But I am opposed to pretending that we create more equal opportunity by spreading it around arbitrarily.

ZEIT: Spreading it around is not the issue; what is important is where the limits are drawn.

Kohl: For practical purposes, that is not the problem. Talk about tuition grants. If a student enters a university, if he is gifted and works hard, he should be given a stipend. If he is average, he should be granted a loan. Why for instance shouldn't a dentist later on, if he earns good money, be required to repay the tuition assistance in easy payments? We appear to have drifted into a view which has nothing at all to do with social justice, but a lot with ideology. And I am quite convinced that my opinion on this is shared by a majority in Germany. The Social Democrats should send a questionnaire on this to all registered members of the German Labor Federation; they would be surprised by the result.

ZEIT: You appear to think that in social and economic policy you enjoy agreement with the prevailing public opinion. Is this true also for foreign and security policy? According to the polls, the Union does not conform to the general trend.

Kohl: In principle, politics to me does not mean that on an evening I moisten my index finger, stick it out the window and determine the wind direction. We have clear convictions, no matter the direction of the public spirit of the moment; a part of this is the belief that the prerequisites for peace and the free existence of the FRG are tied to a close partnership with our European friends and with our U.S. friends.

By friendship we do not of course understand the blind loyalty of vassals. But our idea of friendship includes differentiating morally between U.S. and Soviet policies, unlike a large number of Social Democrats is doing today. Those who are working toward an erosion of the alliance, who are boldly speaking out in the cause of anti-Americanism, must realize that they are destroying the alliance. That is an unequivocal position, and it too should be shared by a majority.

ZEIT: But isn't it true that some of the Union politicians are merely acting as spokesmen for U.S. policies?

Kohl: I strongly disagree with that. It is true however that occasionally the impression is created that we remain the only ones who still say a good word for our U.S. friends.

ZEIT: Your fraction colleague Abelein has stated, in complete agreement with the U.S. position, that the natural gas pipeline project would result in billions of profit for the USSR, which could then be used for threatening us. Do you agree?

Kohl: Why shouldn't a colleague regard the natural gas pipeline project with great skepticism? I have told the U.S. President: if the Americans are demonstrating with us, it is not entirely convincing; after all they were ready until a short while ago to sell us the pipe laying equipment.

ZEIT: There are other U.S. demands also; for instance, the defense budget should be increased by 4 percent annually. Do you consider this possible?

Kohl: Basically, the United States is correct in saying that the Europeans as a whole--this does not apply to the Germans alone--are not doing enough for defense. Not even Defense Minister Apel is denying this. I won't agree with the percentage rate. Here we are mixing oranges and apples. We must for instance be given credit for having a draft, which others do not have.

ZEIT: Would you go as far as some U.S. politicians who say that as far as detente is concerned, the FRG must take some sort of withdrawal cure?

Kohl: I think that is the wrong term. Within the CDU/CSU, we have always been in favor of a true disarmament and detente policy. It must however on the one hand be worldwide and not limited to Europe, as is the dream of some who are looking for a nuclear-free zone and neutralization. Secondly, it must be verifiable.

We have emphatically welcomed the Geneva negotiations. We certainly take no pleasure in an arms race between East and West. But history has taught us

some lessons--for instance during the years 1938-39. From those days I draw the conclusion that dictatorships listen to clear, realistic talk. And this is true all the more because, unlike Hitler, the men in the Soviet Politburo are not adventurers.

ZEIT: Then what kind of latitude is left to the FRG?

Kohl: We can of course protect the special German interests within the framework of the alliance. But the question is whether we do this at the cost of isolation within the alliance. I am still in agreement with Konrad Adenauer's basic decision, as bitter a pill as it is to swallow: freedom for the FRG, or reunification at the cost of losing freedom for both parts of Germany. If this basic decision were to be questioned, that would be the end of unanimity.

ZEIT: Isn't there a split in unanimity also in foreign policy between the Union and the FDP, which after all would be the only possible government coalition partner for the Union?

Kohl: The policy as I have represented it here is also represented by FDP Chairman and Foreign Minister Genscher in the NATO Council and on every other occasion.

ZEIT: You haven't given up on the FDP then?

Kohl: My job is not to look out for the FDP's interests, but for those of my own party. The FDP must decide which way it goes.

ZEIT: And you won't go easy on it?

Kohl: In this respect, we will examine it as critically as it examines us. This is the year of decision for the FDP as to whether it will go down at the side of the SPD or whether it will opt for liberal politics.

ZEIT: "This year?" Do you think that next year the chancellery will have a new occupant?

Kohl: I don't make forecasts. But there can be no doubt about this: the government is no longer functional; the federal chancellor has, as demonstrated at every SPD district party congress, long since lost majority support for his policies within his own party.

9273

CSO: 3103/320

PROGRAM OF NEW GOVERNMENT TO DEAL WITH CSCE, UNEMPLOYMENT

Helsinki HELSINGIN SANOMAT in Finnish 17 Feb 82 p 9

[Article: "A 2-Billion Markka Program"]

[Text] The program of Sorsa's third government was completed on Tuesday on the basis of a compromise worked out by Matti Ahde (Social Democrat), the director of the program work group, and Finance Minister Ahti Pekkala (Center Party). The program was described as a nearly 2-billion markka "economic recovery package". The SDP, the Center Party, the RKP [Swedish Peoples Party], and the SKDL [Finnish Peoples Democratic League] gave preliminary approval to the program on Tuesday evening already.

The most difficult point of the program, the reduction of pension insurance payments, will be arranged in such a way that money will also be taken from the health insurance fund and not just from the pension fund. Thus the Center Party was also able to approve the program.

The tax withheld from wage earners' salaries will be reduced by 1.25 pennies per tax unit this spring already. One penny of this reduction is a reduction of the tax withheld and 0.25 pennies is a reduction of the pension insurance payment. The reduction of this payment will continue until the end of next year. The 1-penny reduction of the tax withheld will be in effect until March 1983.

Wage earners' social security payments will be reduced by a total of 0.8 percentage points. The reduction does not, however, apply to the state, local governments, or parishes. Social security payments from small enterprises, approximately 5--7 employees, will be eliminated completely, promised the compilers of the program.

The government's program does not include full-scale adjustments for inflation in the tax schedules next year. A special 4-percent increase in unemployment compensation is promised for next summer.

The program of Sorsa's third government is as follows in its entirety:

Foreign Policy

The government will carry out an active, peaceful policy of neutrality based on the Friendship, Cooperation, and Mutual Aid Agreement in accordance with the Paasikivi--Kekkonen line. In particular, the government will develop neighborly rela-

tions with the Soviet Union, which have turned out to be mutually beneficial. Relations with the Nordic countries and Nordic cooperation will be developed. The government will carefully protect good relations with all nations and will increase Finland's share in the improvement of the social and economic position of developing countries in accordance with the goal it has adopted.

The government will strive to promote the accomplishment of the goals approved by the Conference on Security and Cooperation in Europe by actively participating in the follow-up meeting of the CSCE and the continuation of the CSCE's negotiating process. The government will support the goals of the United Nations as well as strive to promote worldwide and area-wide efforts at arms control and disarmament.

The government will actively develop foreign trade in traditional and new markets. Commercial, economic, industrial, and scientific-technical cooperation with the Soviet Union will be increased by taking full advantage of the opportunities presented in 15-year program on cooperation. The government supports the realization of the new economic order approved by the UN.

The Economy and Employment

Because of a serious international recession and weak domestic demand, the growth of total production in 1982 will be slow in Finland, as a result of which unemployment has begun to increase.

Unemployment among youth and long-term unemployment, in particular, are on the increase. The differences in unemployment rates with respect to various areas of the country are great. Inflation continues to rise at a rapid rate, and price competitiveness measured according to labor unit expenditures threatens to become weaker this year at the same time that competition in the export markets is stiff due to weak demand. Price and expenditure pressures from labor contracts already concluded will extend into 1983.

The balance of payments at this time does not place strict limits on the recovery of demand. The need for the state economy to take out loans will increase this year, but will continue to remain under control. The release of economic policy reserves, looser money and funding markets, and investment incentives will have the effect of maintaining the level of investments. The growth of individual consumption will be slow, which, for its part, makes the employment situation more difficult, particularly in the area of services and the consumer goods industry.

The government's most important task is to support employment by promoting the growth of total production and expanding employment and training measures. An important goal is to slow down the increase in expenditures and prices and ensure the price competitiveness of exports and thus create conditions for increasing production and investments as well as improving employment. Also it is imperative to increase domestic demand by means of direct measures. Also there continues to be reason to direct considerable attention toward the maintenance of the real competitive ability of enterprises.

In its economic and employment policy the government will strive to cooperate with the economic frontline organizations.

In order to accomplish the above-mentioned goals the government will take the following measures:

In order to reduce expenditure pressures and indirect labor costs the government will propose an immediate reduction of social security payments by employers so that the reduction of these payments by 0.55 percentage units per each employer corresponds to the reduction of output. The reduction is made up of a 0.3-percentage unit drop from the health insurance payment and 0.25 percentage units from the pension insurance payment. The government will determine whether the reduction can be applied favorably to small and medium-size enterprises. The reduction applied to enterprise activities alone would correspond to an approximate total of 0.8 percentage units. Also it will be determined whether the payment can be disengaged from the present gradation system. The measure will not affect the accomplishment of the minimum pension reform. In order to ensure this, the government will present a bill according to which budget funds will be transferred to the pension fund inasmuch as the reserves of the pension fund are less than 100 percent of annual expenditures at the conclusion of a calendar year. The laws will be in effect until the end of 1983.

In addition, a clarification will be made on the possibility of covering wage-based social security payments with funding methods based on other means for the purpose of ensuring the funding of social security.

Recovery of Consumer Demand

It is intended to alleviate income tax withholdings from wage earners by reducing the withholding amount by 1 penny per tax unit until 28 February 1983. With this measure an attempt will be made to make the annual withholding coincide with the amount of the final tax.

National pension insurance payments will be immediately reduced by 0.25 pennies per tax unit until the end of 1983.

Employment and Training

In the current year the government will increase the production of housing rented by the state as well as interest support loans for heating plants.

Local governments and municipalities will be granted extraordinary investment subsidies for investments commencing in the current year. Sales tax compensation will be granted for local industries by the Ministry of Trade and Industry.

Funds for the basic repair and construction of public schools and libraries will be increased.

Area-wise differences in unemployment rates will be reduced. Special attention will be given to area policy legislation and the archipelago law, the development of agriculture and forestry and by-product industries as well as the use of the domestic energy reserves.

The authority to grant support for production activities in developing areas will be increased. The processing of investment and start-up aid applications will be accelerated.

Measures for securing the population base of rural areas will be made more effective. Allocations will be directed toward the accomplishment of the decision in principle concerning the development of rural areas to be approved by the State Council and funds for improving forests will be increased. Also funds will be allocated for the support of special areas to be determined by the State Council.

People employed as a result of temporary employment measures will be placed on a permanent basis in 1983 in those occupations in which the nature of the activity becomes permanent.

The possibility of increasing temporary vocational training, indenture training as well as on-the-job training connected with vocational education will be clarified. Measures will be adopted to reduce the number of school dropouts and additional funds will be allocated for the social testing of youth.

The government will cooperate with the labor market organizations on measures by which layoffs can be compensated for with training. The government will otherwise support the labor market organizations' measures to improve employment.

Beginning in 1983 the government will make it possible for people in the service of the state to voluntarily transfer to part-time work.

Social and other benefits for part-time employees will be retained.

The government will adjust employment support for local governments in such a way that the employment of white-collar workers previously employed by works departments can be promoted.

The employment security of the unemployed will be improved particularly for those responsible for the support of others.

Budget for 1983

In order to develop favorable conditions for the next labor market solutions, the 1983 budget will be compiled in such a way that adjustments for inflation will be accomplished in the income and property tax and a restrained line will be adhered to in the state's payments and tariff policy. The funding of the most important expenditures and keeping loans within a reasonable framework presuppose deeper cuts in less important expenditures and new expenditures. The most important points of emphasis in the budget are considered to be the promotion of employment, an improvement in the position of families with children, restraints on rising housing costs, and the development of research and production as well as the most important public services in accordance with the plans already approved. The employment opportunities offered by state institutions will be ensured.

Legislation

The government will be presenting the following bills to parliament:

- a law to protect working conditions and certain other laws connected with it

- an agricultural law
- primary and secondary education law and legislation connected with it
- a law pertaining to equality.

In addition, the government's intent is

- to develop a daycare system for small children taking into consideration care occurring both outside of and in the home
- to compile a system of regulations for the so-called protection of entrepreneurs
- to bring up the question of an environmental ministry for discussion by the parliament
- to improve Swedish-language TV service
- to continue preparations for partial constitutional reform
- to continue the transfer of duties and decisionmaking power from the state's central administration to intermediate administration and local governments so that democratization and the reduction of bureaucratic red tape will be promoted.

Applicable sections of the previous government's program and the proposal of the party secretary work group will be accomplished.

10576

CSO: 3107/73

KOIVISTO'S PERSONALITY, OUTLOOK VIEWED BY EDITOR

Helsinki SUOMEN KUVALEHTI in Finnish 29 Jan 82 pp 15-17

[Article by Keijo Immonen: "A Long Way"]

[Text] "Mauno Koivisto's alleged difficulty to be understood, taciturnity, and the philosophical side in his personality can in negotiations or discussions result in the fact that he may assume that the other party knows what he is talking about without him having to go into detail to explain an issue."

This was the description of the new president by Managing Director Keijo Immonen of the Book Union, who has closely followed Koivisto's activities for several years.

Mauno Koivisto's selection as successor to Urho Kekkonen was a gradual, step-by-step chain of events and the final result would probably not have been different even if Koivisto had been even more restrained in his campaign. However, the election campaign was important to the Social Democratic Party for maintaining the enthusiasm and expectations of its supporters. The real election in the minds and decisions of the people had already occurred to the benefit of Koivisto several weeks before the election campaign and television appearances commenced. The decisive day was 11 September when the world received the news that Urho Kekkonen was taking a month's leave of absence due to health reasons. The resolving of the so-called government crisis was not an overwhelming task for Koivisto since in that phase he knew that the country would not be able to withstand two crises simultaneously, the president's temporary absence as well as the dissolution of the government over a budgetary conflict. As far as the latter problem is concerned, he probably had his own viable plan in his desk drawer.

The low profile policy adhered to by Mauno Koivisto when he was prime minister did not mean that he avoided decisionmaking, it is only characteristic of his demeanor in general. Koivisto has never exaggerated or embellished the facts in public, he has never shown anything more than what there is, and in this surely lies the basis for his popularity with the people, which is surprising in the opinion of many. Grand gestures and dramatics are not any more a part of his manner of communicating than they are of Tellervo Koivisto's. Taisto Sinisalo has described Koivisto's popularity as a phenomenon causing his remoteness. It is true that Mauno Koivisto has a narrow circle of friends, he is an independent, self-reliant individual, who is sensitive, but not remote in the sense that Sinisalo intended. Koivisto's associations with politicians are except for a very few exceptions

limited to work issues; he has wanted to keep his private self under control so that it is natural that some have felt his self-restraint to be xenophobic. Also Koivisto's habit of keeping his own order of priority in a discussion of issues has confused others.

His retreat to the comfort of his family in the solitude of Hemmings for the weekends and vacations has been a correct way of saving energy: from now on Mauno and Tellervo Koivisto will be in the service of the people and the nation without a break. Tellervo Koivisto's warm, natural presence in the election campaign was an important support, as the number of votes indicated. The only occasion at which she was not present, in Hameenlinna, was slightly less cheerful.

The statement of trust received by Mauno Koivisto was hardly an unbelievable surprise for himself since a couple years ago already he made public a viewpoint which is very consistent with the line he adhered to before the elections: "In general, a beginning politician makes two mistakes: he overestimates the political pursuits of the people and underestimates their ability to understand. I do not put much stock in the fact that people pursue and follow everything with interest. On the other hand, I believe that people are able to distinguish a genuine falseness, they can see through a tactical play. I have a genuine trust in the people and apparently this is known and understood. It is akin to 'even going to hell, but going in a spirit of togetherness.'"

The Finns heard about the existence of a man named Mauno Koivisto for the first time when SUOMEN KUVALEHTI published a short article in 1957 on a longshoreman in Turku, who in a period of 10 years put himself through the university and defended a doctoral thesis on social relations in the Port of Turku. Director J. Laherma of the Workers's Savings Bank, who was planning to retire, happened to read the article and went to Turku to meet Koivisto, who had planned an academic career. Laherma offered him the second director's position in the bank as well as the general manager's position after a year. Koivisto, who was quite surprised, consented and thus began the development of his career as a banker and economist until Paasio brought him into his first government as a finance minister after the great election victory of the Social Democrats in 1966. After 2 years he replaced Paasio as prime minister and he became chairman of the board of directors of the Bank of Finland after Klaus Waris in 1968.

In Helsinki Koivisto became an important social democratic mover, and his first term as prime minister, in particular, began to increase his reputation as an objective figure aloof from party politics, who was considered as having support outside of his own party also. The Czechoslovak crisis, which profoundly agitated Europe, and the subsequent occupation by the Warsaw Pact occurred at the beginning of his first term as prime minister. These events touched Finland just as remotely as the occupation of Afghanistan and the events in Poland, which occurred during Koivisto's second term as prime minister. The secure, confidential policy of the government directed by Urho Kekkonen as well as Mauno Koivisto has in both situations protected our country's domestic peace and a realistic but sympathetic attitude.

No detailed information has ever been made public about the personal relations of Urho Kekkonen and Mauno Koivisto, but it is apparent that as time went by the President of the Republic placed ever increasing value on the prime minister's realism

and his versatility as well as his ability to conciliate. One would probably not be too wrong if one also assumes that Urho Kekkonen learned something of Mauno Koivisto and from Mauno Koivisto. The criticism directed at Koivisto's foreign policy "inactivity" on the part of minority Communists, in particular, has been unreasonable in so far as Koivisto's self-restraint has a natural explanation: foreign policy is determined by the President of the Republic according to the constitution. This categorical -- unique -- statement does not leave much room for interpretation for a correct prime minister.

However, Mauno Koivisto's interest in our country's international relations outside of his office has been continuous and extensive. In the manner of such previous predecessors as Mannerheim and Paasikivi he also has a command of the Russian language in addition to several other languages, which is very rare among Finnish politicians. There is no reason to doubt whether he can develop just as confidential and close relations with the leaders of the Soviet Union and the Scandinavian countries as his predecessors did. Mauno Koivisto has announced that he will continue Urho Kekkonen's foreign policy line, and he received complete authority to accomplish this with an overwhelming majority of the votes. Skepticism concerning his real understanding of our eastern neighbor has sometimes been behind the conjectures presented with respect to his relations with the Soviet Union. Koivisto became a member of the board of directors of the Finland-Soviet Society in the early part of the 1960's already and a chairman of the social science division and in addition to this, he has actively participated in the study of our foreign policy in the activities of the Paasikivi Society. He has on many occasions also emphasized the importance of the YYA [Friendship, Cooperation, and Mutual Aid] Agreement and has pointed out that this agreement has not in any way prevented Finland from carrying out an active and peaceful policy of neutrality: to the contrary, it has supported this pursuit. "After 38 years of experience the truth is that the YYA Agreement has with its clarity eliminated factors contributing to uncertainty with respect to Finland's relations with the West also and has, for its part, stabilized the country's whole international position."

Among those who have matured in the shadow of Urho Kekkonen's statesmanship Mauno Koivisto has his own definite profile. As far as foreign policy is concerned he is certainly not an alternative and he probably does not have the same ambitions personally or nationally as his predecessor had. His point of departure is perceptibly simpler than what Urho Kekkonen's was in 1956 also for the reason that our foreign policy is now supported by all the people, the domestic policy situation is not suffering from the crisis of a general strike, and the contrasts between various population groups, primarily between the rural and urban populations, have to a great degree disappeared. For example, they were not emphasized at all during the election campaign. This would have been difficult because of government cooperation.

The emphasis placed on Koivisto's socialism by the nonsocialist parties and candidates did not seem to alarm the people since the election was primarily felt to be an election of an individual personality and not a policy. The fact that Koivisto did not at any time dissociate himself from Vennamo and Ehrnrooth, who did not ask for his support, demonstrated considerable courage on his part. Their tactical calculations went badly amiss: the Koivisto phenomenon mercifully eliminated two parties from the political struggle. The defeat of the extreme rightwing POP [Constitutionalist Rightwing Party] as well as the Christian League was one of the

election's unnoticed, important consequences as far as foreign countries are concerned. In 1956 these defeated parties began a bitter struggle to overthrow Urho Kekkonen on the next time around. His first term as president was chaotic from a domestic policy point of view and as the end of his term approached it was a time of uncertainty with respect to foreign policy. No such divisions occurred in the front lines now and none are apparent.

The support Mauno Koivisto received from the voters was double that of what Kekkonen received in 1956 so that from a domestic policy point of view his foundation is much more secure. He was not elected out of some kind of fear, but just as much on the basis of sentiments as reason. According to the opinion polls Finns wanted to elect a president by a direct referendum. In the opinion of many foreign observers the 1982 presidential election was a direct referendum. In practice a change toward some type of a referendum should be accomplished soon so that people will have time to become accustomed to the idea before the next elections are held 6 years from now. The incumbent president's position is relatively secure compared to various challengers, and for this reason a limit to two terms would also be appropriate. The new president has not been particularly enthusiastic about the possibility of a direct referendum, but he has, however, indicated that he is for a limit to two terms.

As the head of state Mauno Koivisto will hardly attack various social problems with the same kind of personal aggressiveness as his predecessor, which does not mean that he will not have an influence on them. Every ruler has his own style, and Koivisto has learned in the school of Kekkonen to understand how and how not to rule as well as how far a president's powers extend. The successor of a strong president can be strong; in any event the change is already evident. According to the understanding of several observers the pressures of the Kekkonen era disappeared in the same manner as the Center Party's pressures at its party congress in November. Thus Finland has passed on to a simpler order of the day.

Mauno Koivisto's alleged difficulty to be understood, taciturnity, and the philosophical side in his personality can in negotiations or discussions result in the fact that he may assume that the other party knows what he is talking about without him having to go into detail to explain an issue. On the other hand, over the decades he has also been ready to disclose his thoughts openly in letters and speeches. It is a long way from a chairmanship in Turku to the presidency and the demarcations along the way are noted by three books written for the general public, "Linjanvetoa" [Drawing the Line] (1968), "Vaaraa politiikkaa" [An Incorrect Policy] (1978), and "Tasta lahtien" [Starting From Here] (1981). Koivisto has also introduced some catchy phrases into general use, which the language has easily adopted: "Better a small creak than a large noise" or "Should do something".

Koivisto has never given the impression that he aspired to the presidency. At times it has seemed, even during the election campaign, as if he subconsciously wanted to avoid such a possibility. A definite election result has surely freed him of any unnecessary personal doubts. Now being at the center of a long policy line, on the path outward and forward he knows that the people trust in him just as much as he trusts in the people.

10576

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CONFLICTING VIEWS ON PASOK GOVERNMENT'S FIRST 100 DAYS

No Easy Solution

Athens KATHIMERINI in Greek 26 Jan 82 p 4

[Article by Former Coordination Minister Ioan. Palaiokrasas: "First 100 Days: Progress or Regression?"]

[Text] The truth is that the measures the government of Change has taken until now have not achieved any radical change--nor is there even hope that they are leading to a change. We do not speak only of the measures already taken but also of those announced in some specific manner. When compared to the immensity of the problems they presume to solve--problems so eloquently described in the Green Book--they seem not unlike attempting to give an elephant an injection with [a regular size] hypodermic syringe. When these measures do not copy existing ones they appear superficial and haphazard and in most cases represent small scenario changes. One wonders: what happened to the Change? Can it be that the people do not want it? Can it be that PASOK cannot effect or rather cannot bear it? Or can it be that such Change does not exist? Personally, I believe that the answer to all three questions is negative. Otherwise there is no hope in this country. The change exists and is an imperative necessity in all aspects of our society's life and economy. The people want it. And PASOK with its 48 percent [of votes received] can bear it. But it does not know it. It searched for it desperately and thought it had found it near the surface. It thought it had found it in the simple dogmatism of Marxist and socialist manuals which have been written for different countries and different eras. It thought it had found it in youthful dreams and romantic visions of its cadres which we do respect but do not find useful. Finally, it thought it had found it in sloganeering which it borrowed from foreign environments and which for years have circulated in Greece also and have become part of the cultural and ideological establishment.

The problem with PASOK is that its cadres and its ideology lack an in-depth knowledge of Greece's contemporary problems. Perhaps this is due to the fact that for long periods of time many of its cadres had no contact with the real Greek developments or were so absorbed in their academic or syndicalist activities that they failed to gain some general knowledge of the problems. The fact is that the understanding of the depth of the problems and the solutions given thus far through the measures of change are completely superficial if not simplistic.

For example, the public administration problem is not solved by eliminating the senior cadres and substituting them for partisan ones. The real problem is that for many years--and in this case we do not deny our own responsibility--no one took care to provide our civil servants with such working conditions and incentives as to make it possible for them to feel that they perform work creative for them and productive for the state. On the contrary, under pressure from people who wished to be "accommodated" with an appointment to a position, we took care to multiply them. Under pressure from syndicalist objectives we equated their grade with that of other employees and gave them credit with years of service. Finally, under pressure of job security and the continually increasing state intervention we secured for them thousands of key positions with all their inherent temptations. It is remarkable that there are still cadres in the public administration who, with their behavior and work, are a credit to the state and society in general. The government of change instead of adopting productivity incentives, instead of assigning more responsibilities to the middle and lower echelons of the state machinery through decentralization and decrease in bureaucracy, it introduced as its first institutional legislation a bill which provides for firing the most capable cadres in public administration.

The problem with the Greek economy and Greek society in general is not the "dependence" on the domestic and foreign monopolies nor the 100 families governing Greece which is not the case. But even if it were, then certainly the Papandreou family would be one of them. The problem lies in the "Kastra" (fortresses) and "Stegana" (autonomous groups) which divide it very deeply and prevent the movement of goods, capital, ideas and people which prevent its functioning as a harmonious whole, in other words--autonomous groups which came into being because the contemporary Greek has forgotten since the revolution [for independence] that only in a free and open society does the Greek spirit achieve great deeds. Instead it started feverishly building "Kastra" and "Stegana" for safeguarding its narrow private interests within the suffocating, limited Greek space. But these Kastra-fortresses and Stegana-autonomous groups were created by all categories of Greeks and social groups, all enterprises and organizations. Here lie our differences with PASOK and KKE which dogmatically copy foreign theories and beliefs and with excessive childishness are trying to make us believe that the culprit in all these countries is domestic and foreign capital. They stubbornly close their eyes to recent Greek history, the contemporary Greek reality. Otherwise, had it not done so it would have seen that the "autonomous groups" existed in our academic world and that, until recently at least, Athens University was a fortress. But the strongest autonomous groups are found in our technical world. The Technical Chamber of Greece [TEE] and the Advisory Committee on Studies [GEE] were fortresses. For certain industries the Greek tariff was an impregnable fortress before we joined EEC as were the "organizations" of various state services as well as of public and private enterprises for certain categories of working people.

[They are] autonomous groups and fortresses which destroy competition and give rise to monopolies in the fields of economics, labor and syndicalism as well as in the arts, education and the world of ideas in general; autonomous groups and fortresses which are unrelated to the "establishment" and the 100 families because they are mostly defended by categories or groups of people who are continually alternating and whose common characteristic is their professional identity and the fact that very often they belong to the PASOK-KKE worlds; autonomous groups which, if

demolished, will relieve the Greek population while only a small section will complain and which can be demolished only when the state eliminates the whole institution of licenses, controls and legislative resolutions which protect them. This is what one would expect from the government of change and this was what we have gradually achieved by joining the Common Market, a community of the most advanced European nations whose operation is based exactly on free competition and the unimpeded movement of goods, people and ideas within a world of 170 million.

Instead, the government of change continues to wear blinders of dogmatic prejudices of past eras; blinders made in Russia, France, Libya--anywhere but in Greece. Thus, it only scratches the soil at the surface, mixes it slightly with the soil New Democracy cultivated and waters with an abundance of controls, with a continuous expansion of state interventionism, with breaking up the few institutions which had survived. It especially uses tools and methods which take us 10 to 20 years back and instead of demolishing the fortresses and the autonomous groups, it strengthens them, repairs them and--lest it may lose the art--builds more. But in the garden of democracy such type of cultivation does not bring forth flowers. One can only expect thorns in the garden of the single-party feudalism.

The Greek people are already disappointed with the first 100 days of the "government of Change" but not with the vision. They will search for a real change. And they will find it in those and with those who do not believe in obsolete fortresses and autonomous groups but in freedom and in true democracy; those who will lead them to open horizons where they are used, from ancient times, to acting and achieving great deeds; those who will show them that with our merchant marine, this modern Greek miracle, the road to progress leads beyond the narrow boundaries of our country and opens our way to the broad horizons of the European family; those who, drawing strength from the real sources of the Greek spirit, will have, without belated clownisms, the courage and the strength to bring to the people a true renewal and change.

'Greek Miracle' Contemplated

Athens ELEVTEROTYPIA in Greek 25 Jan 82 p 4

[Article by Th. Karzis: "100 Days of Fighting on All Fronts"]

[Text] They say that the first 100 days of a new government are the most difficult but this does not constitute an axiom above place and time. It depends on the political and economic situation of the country where the political change takes place, on the type of government succeeding the previous one and on the specific moment the power guard is changed in conjunction with various internal and external factors at the time of change. For example, if for England the rule is that the first 100 days of a new government are difficult, for Italy the days may be 200, for Greece 300 and so on...

In Greece the political and social situation on 20 October 1981 was characterized by an almost unperturbed domination of 30-year-old, variously disguised conservatism. The type of government which assumed power on that day was radically different from the previous one--it was a "change" not a "rotation of power" as

some wishful thinkers attempted to describe it. The moment of change was synchronized internally with the "sogginess" of the traditional conservatism and externally with its hardening. On the basis of these three facts let us attempt an evaluation of the critical 110 days of the government.

On the home front, the main and unprecedented characteristic of the new government is that all its members, about 40, have become for the first time state servants. Up until their appointment they had spent their lives "outside the walls" criticizing and castigating those "inside." And despite what Oscar Wilde says that "criticism is a meaningful part of creative spirit," criticism is one thing and creation another since each requires different qualifications. Of course if one person had all the qualifications that would be an ideal case. Unfortunately, however, nature has not accustomed us to generalizations of the ideal cases.

Thus, the nearly 40 inexperienced persons entered, together with many more in other positions, the deep snake pit which public administration is euphemistically called, and decided to govern. To govern how and with whom? There was an inherent contradiction between persons and situations since the second--the situations--as imagined and desired by the 40 new administrators, were in contradiction with the traditional objectives of the first. Because everyone in our country knows (and above all those who today support the opposite views for public consumption) that in the public administration the same persons in the various conservative governments surrounded the leaders of interchange [horse trading] not of change. How then could these persons implement the programs the newcomers introduced since these programs were first of all against these very persons who manipulated the snake pit?

It was to avoid the inexperience of the newcomers becoming exploited by such manipulators that the famous draft law on public administration was prepared, a law similar to that drafted in 1964 by the George Papandreou government and to which the bosses of the civil servants objected vociferously as they are doing today. Usually, when such radical bills are introduced there is a minister who pays the political price on behalf of the government. In this case it is [Minister] Koutsogiorgas whom the extremely depraved front has branded as "slaughterer"--exactly as this same front did in the post-occupation period when it slandered Alexandros Svolos as the "squanderer of the deposits in [public] services" even though the government and not Svolos had voided the money in circulation during the occupation.

With this law which certainly is the most important of the 100 days the inexperienced ministers painstakingly acquired their new experience in administration day by day, hour by hour. Sailing continuously through treacherous waters in fields of snares and mines some of them showed qualifications no one expected while others are trying desperately to cope. This is so because in our state machinery, which is a vast confusion, no "easy" and "difficult" ministries exist. All ministries without exception are unbelievably difficult and those in charge face a herculean task in bringing about some change. All the ministers are like students taking their final examinations without having been given the opportunity of any previous preparation or even of some practical training. It is evident that the grading is not about to be the same for all: the contrary would be inhuman. In any event for those who remain behind there is still a "grace period" just as the Ministry of Education has measures beneficial to failing students...

In short, on the home front the government did well during the first 100 days, despite the inexperience, the inescapable blunders, the difficult problems. Change has passed its Rubicon regardless of whether Rome is still far.

On the external front things were more difficult as everyone expected. For Greece, the world scene is full of problems such as the Greek-Turkish dispute (including the Cyprus problem), EEC, NATO, the American bases, the solution of which demands fortitude and prudence, patriotism and maneuverability, patience and perseverance, stamina and self-control, precise planning and clever readjustments.

But the number one problem is our "great ally" /America/. The rest are for the most part its derivatives. It is not a new problem. Since 1946 when England surrendered to America its influence on Greece, the latter has not ceased to impose and interfere in our internal affairs with an aim at adjusting them to a course agreeable to American interests. And since there were cases where the Greek national interests happened to contradict those of America the Greek governments were either forced to become vassals of our "great ally" betraying the Greece they swore to defend or were overthrown by dark internal forces with Washington connections. To mention here well-known and over-repeated facts would be commonplace but it would not be harmful to rehash an incident which by itself could illustrate the meaning of the word "servility." Many years ago a young counselor of the American Embassy in Greece became enraged because of some chicken-hearted objections of the then Greek minister of finance that he threw an inkpot in the minister's face who did not rise to the occasion; he did not have the courage to renounce to the world this inconceivable, shameful conduct of the representative of "our great ally." Today the inkpots have been removed and those in charge are ready to speak up and face an overseas government which is much harsher in its pronouncements for achieving its hegemonistic objectives than previous ones. The main characteristic of the 100 days in the field of foreign policy was above all patriotism coupled with bold as well as versatile manipulations. The tactic of "two steps forward and one back" following the first surprise of the foreigners, appears to pay, albeit as a mortgage registration for the future. "Our foreign policy" is good--to mention a phrase so repeatedly stated in recent years even though we were not doing well then.

Thus, the newborn government has assumed the extremely difficult task of achieving a "Greek miracle" in a modern edition: it must free our fatherland from the coercion of a foreign state which dominates it in various ways and with various agents--sometimes Greek, sometimes Turkish--without, however, destroying it as would have happened 50 years ago. With deep conviction and great precaution, daily studying contemporary history (including the Chilean), the government is now called up to stride over the threshold of its 100 days and to march toward its 200 days.

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DISCUSSION ON BREAK WITHIN NEW DEMOCRACY CONTINUES

Rallis Moves

Athens ELEVTHEROITYPIA in Greek 3 Feb 82 p 1

[Text] Former Premier G. Rallis plans to submit to President I. Alevras of the Chamber of Commerce a declaration of self-independence. It was announced that yesterday he paid a courtesy call on Alevras but his main objective was to learn to what degree he could exercise the privileges the chamber's regulations provide for former premiers and former party leaders.

This Rallis move is connected by circles in his environment with his decision to proceed with a declaration of independence which many consider as a preliminary step toward establishing a centrist-rightist party in the remote future. The concern existing in the present ND leadership as a result of the Rallis moves and intentions was revealed by E. Averof's visit to Alevras immediately following the Rallis visit last night. It was officially announced that ND leader Averof visited Alevras to discuss procedural matters in his capacity as leader of the major opposition. It is generally believed, however, that the visit of the ND political figures to Alevras is related to the developments within the opposition party.

Equal Strength Among Two Factions

These developments may be affected by the fact that about 2 months after Averof assumed the ND leadership the rival centrist-rightist wing of the party had reorganized itself with the result that the forces within the ND Administrative Committee appear to be equally divided. At yesterday's voting for the election of two new executive committee members, Ath. Tsaldaris and Vas. Manginas each received 26 votes out of 63 in the Administrative Committee. Deputy N. Anagnostopoulos, the third candidate and a fanatic Averof follower, received only 19 votes while Manginas was voted by both sides as parliamentary representative.

The confrontation between the Averof followers and the centrist-rightists was more apparent in the voting for I. D. Kyrzopoulos who received only 22 votes, a figure which many interpret as an indication that the balance of forces that existed in the party until now has been upset.

The Averof side of course considers as unimportant most of what is going on backstage in the party and believes that any activity of the small I. Boutos group is condemned to have a very limited appeal in the conservative function of the party.

Far, 'Europeanized' Right Tendencies

Athens I AVGI in Greek 31 Jan 82 p 3

[Article by Spyros Fanariotis]

[Text] The split of the New Democracy Party into extreme right and Europeanized right is a matter of a short time. Under an apparently calm surface strong currents are moving which, according to ND deputies, will finally cause the party to split. The new ND leading group under Averof has isolated--has frozen, they themselves say--a group of about 30 ND deputies because of their differences with the far right group and because in the ND elections [for leadership] they supported Rallis and Boutos.

The first reactions when Averof assumed the party leadership were lukewarm and cautious. But the new ND structure and the prominence of the extreme rightists in the party machinery accelerated the developments.

The New Group

A group of 26 deputies has thus far held meetings under the chairmanship of Boutos. The ideological and political position of the new movement will be a Europeanized right which will follow the pattern ND tried to implement during the 1975-76 period. Of course it will definitely separate itself from the extreme right and will have the trimmings of some social-democratic ideology. ND deputies who lean toward this group were pointing out a few days ago in the corridors of the Chamber of Deputies that [...words missing] They blame the new group of betraying, for the sake of party interest, the principles of the radical liberalists as promulgated by Karamanlis. They also attribute to the group an outrageous opposition without arguments, thus weakening the position of the major opposition [in the Chamber].

Averof Followers

In contrast, the Averof followers believe that this movement will not fare well because, as they say, Boutos is only a showman, while the followers of the old National Radical Union [ERE] have no special attachment to the centrist-rightists. They also argue that Averof was elected through democratic procedures and no one can question the legality of his leadership. As concerns the party's far rightist character, the Averof followers are trying to justify it by arguing that it was the mild political climate which hurt ND deeply and that the only way for the party to come to power again is for it to follow a hard line.

Developments

Following the first study concerning the similarity of ideological convictions in the new group, its formation is being developed at a fast rate. Already Evert has joined the "Europeanized right" group. Five deputies who are Rally followers in the ND Party follow a cautious line because they believe that the deputies with ND should not be manifested before the new movement makes its formal appearance.

K. Stefanopoulos willingly ignores the problem and, as he said to one of his friends, no question of leadership or split exists in ND. Boutos--who does not attend the Chamber of Deputies sessions following Averof's election to the ND leadership--has sounded out the Party of Democratic Socialism [KODISO] about its joining the new party.

Also, efforts are being made among deputies and political figures of the Center Union for the purpose of broadening the political spectrum toward the center. Finally a PASOK deputy was approached but without result.

A PASOK cadre observed that the failure of the effort is not unrelated to the circular A. Papandreou circulated Wednesday night among the PASOK members. The same source said also that any attempt to approach a PASOK deputy is discouraged because of the control exercises at the grass-roots.

The Appearance

According to ND deputies who participate in the "Europeanized right" the announcement of the new political party will be announced around May and the first confrontation with the Averof right will take place in the municipal elections when the new party will nominate its own candidate for mayor of Athens.

The same sources point out that former ND leader Rallis knows about the new movement but he has not taken any active part in any negotiations nor in sounding out any deputies.

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NORWEGIAN PEACE ACTIVIST: ICELAND EAGER TO JOIN 'ZONE'

Oslo AFTENPOSTEN in Norwegian 5 Mar 82 p 4

[Report of Erik Alfson's press conference by Thorleif Andreassen]

[Text] "We attach great importance to the Icelanders' joining in bringing about an atomic weapons-free zone in the Nordic area. Support for this work is great in Iceland. Information that we have received indicate that a good 50 percent of the inhabitants want such a zone." So says Prof Erik Alfson, of the movement "No to Atomic Weapons," which will hold a series of demonstrations against atomic weapons during the spring.

At a press conference in Oslo yesterday, representatives of "No to Atomic Weapons" said that 200,000 signatures have been obtained to an appeal that will be presented to the government and the Storting. "We beg the Storting to take measures so that the use of atomic weapons on or from Norwegian territory shall never be allowed. And we beg the government to work actively to get an atomic weapon-free zone established which embraces Norway, Sweden, Denmark, and Finland." It is hoped that this appeal will have half a million signatures before it is presented to the political authorities.

At the press conference it was emphasized that Iceland, too, must join such a zone as soon as at all possible. Since 1953 Iceland has relied on American defense of its territory. In answer to the question whether that country will give up that defense agreement to become part of an atomic weapons-free zone, two possible solutions were pointed out: Either Iceland withdraws from NATO, or the United States changes its atomic strategy for the area.

[The question was asked,] "How does 'No to Atomic Weapons' stand on the planned peace march in Eastern Europe?"

"We are taking a waiting attitude. A great deal is unclear. But," Alfson emphasizes, "if the question arises, the following principal demand on our part must be met if it is to be supported: The march must be directed against atomic weapons in both East and West. So far the campaign's profile is unclear. It is also unclear whether there will be any march.

"The proposal for an atomic weapons-free Nordic area is based on guarantees of no nuclear attacks by the great powers. Experiences of promises broken in war-time does constitute an objection to such guarantees.

"The argument that no reliance should be placed on adversaries in a war is quite correct. The chief objective of an atomic weapon-free zone is to work in peacetime and prevent nuclear warfare. It is important to stop the current preparations for nuclear warfare. These preparations are going on particularly in the near vicinity of the Nordic area," says Erik Alfsen.

It is pointed out that regardless of the course of the disarmament negotiations in Geneva it is a chief task of the atomic movement to continue the opposition with increased strength. "The movement wants to present an uncompromising demand that the new rockets not be placed in West Europe and an equally uncompromising demand for a stop and reduction of SS-20's and other atomic weapons in Europe. That will be a first step on the way toward a real 'zero solution' and an atomic weapon-free Europe, 'No to Atomic Weapons' says."

8815

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NATIONAL SIGNIFICANCE OF 24 MARCH PROVINCIAL ELECTIONS

Rotterdam NRC HANDELSBLAD in Dutch 5 Mar 82 p 3

[Article by Kees Van Der Malen: "Influence of National Politics Is Clearly Evident: States Elections Play a Dual Role"]

[Text] In a few weeks--on Wednesday 24 March--the Netherlanders in 11 provinces will choose new members for the Provincial States. The campaigns for these elections--which extend beyond the provinces themselves--are extremely modest and seem hardly to have begun. The following article deals with the national effects of those provincial elections.

The Hague, 6 March--Campaigns for the Provincial States' elections have always had a dual nature. Regionally, the primary topic is the election of the new members of the Provincial States, but in national politics, the ballot-box findings function primarily as a barometer for the governing coalition.

Experience has shown that many voters allow their votes to be guided by their approval or disapproval of the national behavior of the parties or their leading politicians. Experience has also shown that the political parties--aside from their regional organizations--do not take much trouble to alter that image.

The development of increasing decentralization does oblige the political parties to deal carefully with regional politics.

Therefore, all of the political parties strongly emphasize the provincial nature of the Provincial States elections, but nonetheless attention is still sharply directed toward their national influence.

"For the CDA [Christian Democratic Appeal]," says Kees Bremmer, deputy secretary, "the Provincial States elections are provincial government elections. We want to do as much justice as possible to that. But we know that other parties deal with these elections on a national level, and that is a fact from which the CDA cannot escape."

Health Insurance

In the Pvd [Labor Party], for the first time in a long time, the provincial campaign is highly decentralized. Despite that, national campaign director Kees Bode says: "It does not matter how hard you try to get around it, it is never good to exclude national politics. The people are not particularly aware right now of the regionalization plan, but they are concerned about the Health Insurance Act."

The PvdA is going to give strong support from a national level to all regional activities. The greatly reduced prestige of the party plus the severely chilled party following make an extra publicity injection indispensable to that party.

The PvdA is to wage a campaign concentrated in the last 2 weeks under the motto: "Thus far, and then further." According to Bode, this slogan must make it clear that there is now reason to speak of turning point in the governmental policy of the party itself.

The means available for the national publicity effort are limited, however, now that the available budget is falling far behind the estimate. A collection drive within the party only produced 200,000 guilders, while 500,000 had been expected.

Limited Budget

For that matter, the budget allocated for the provincial elections is limited in all of the parties. The CDA has allocated 160,000 guilders nationally for the provincial elections, D'66 [Democrats of 1966] has arrived at a budget of 140,000 guilders, and the VVD [People's Party for Freedom and Democracy] at 250,000 to 300,000 guilders for national support of the provincial and municipal elections together.

The time of the election--not even 1 year after the Second Chamber elections which are expensive for many parties--force the parties to campaign soberly: "You can safely assume that everyone can see the bottom of his campaign chest," the campaign leader of the VVD, Gerlof Boosman suggested.

From its national position in the opposition, the VVD will promote the national significance of the provincial elections heavily. For quite some time, party leader Wiegel has been stressing the effect of the provincial elections on national politics, and he invariably mentions the results of 1958 and 1966, when very soon after heavy losses to the PvdA there was a fall of the sitting cabinet.

D'66

In the provincial elections, the D'66 operates completely independently in each of the 11 provinces. In quite a few provinces, the party has entered into a list combination with other progressive parties. According to spokesman Jan Goeiebier, that is certainly not the result of internal agreements. In his analysis: "We just all seem to be a little hung over."

The Democrats want to try to profit in the provincial elections from their recently attained governmental responsibility. The campaign team is asking the ministers to try to unearth "nice things" from their departments in order to be able to spill them out in the campaign. A subsidy in the area for industrial renovation, for instance, could produce a fine double result, so the argument goes.

The PvdA ministers, according to campaign leader Bode, are looking for "nice things" last of all: "That time is gone; you do not have that kind of chance any more. It is no longer the time for Santa Claus to come bringing packages. Now he comes to take them away."

For the PvdA, the provincial elections are really coming too early. It is expecting the influence of their electoral downfall last year to be severe, and is trying primarily to keep its losses on that account as low as possible.

The CDA expects its position--a very happy one in most provinces--to remain stable; the D'66 expects to double or triple its meager level in the provincial elections of 1977, and the VVD hopes to do even better than it did in 1977.

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CSO: 3105/118

MOST FAVOR POLISH SANCTIONS

Oslo AFTENPOSTEN in Norwegian 6 Mar 82 p 3

[Text] A clear majority of the population feel it was right for the NATO countries to implement political and economic sanctions against the Soviet Union and the military régime in Poland after the proclamation of a state of emergency in Poland, according to the poll of the week by Norwegian Market Data.

Fifty-five percent of those asked support in general the NATO countries' decision on punitive measures, 20 percent disagree, and 25 percent are in doubt.

The 1,300-odd women and men over 15 years old interviewed were asked the following question:

"Do you think it was right or wrong of the United States, Norway, and the other NATO countries to resort to certain political countermeasures and economic sanctions against the Soviet Union and the military régime in Poland because of the proclamation of a state of emergency in Poland?"

The distribution of answers in percentage of all asked and broken down by which party they would vote for in an election came out as follows:

	P o l i t i c a l S y m p a t h y						
	All Those Asked %	Labor Party %	Socialist Left Party %	Conservative Party %	Christian People's Party %	Center Party %	Liberal Party %
Right	55	46	40	69	59	54	61
Wrong	20	26	43	14	11	23	20
Don't know	25	28	17	17	30	23	19
Total	100	100	100	100	100	100	100

8815

CSO: 3108/74

BRIEFS

LESS CONCERN ABOUT FOREIGN AID--Most Norwegians think aid to development is not a high-priority task. The great majority say that environmental policy, measures directed against juvenile crime, development of the public health system--and most other things--are more important than aid to development. Norway should continue to extend support to the developing countries in about the same amount as heretofore. The higher education one has, the greater the understanding for our contributions to poor countries. This is the finding of a big research project on Norwegians' views on the underdeveloped countries question. [Text] [Oslo AFTENPOSTEN in Norwegian 6 Mar 82 p 3] 8815

CSO: 3108/74

ULLSTEN AT LIBERAL PARTY CONGRESS FOCUSES ATTACK ON CONSERVATIVES

Conservatives' Economic Policies Hit

Stockholm SVENSKA DAGBLADET in Swedish 26 Feb 82 p 6

[Article by Elisabeth Crona: "Ullsten on Conservative Policies: Too Much Carnival"]

[Text] "The conservatives' opposition policies are too much of a carnival." This is the tone taken by Ola Ullsten, to the delight of the party congress, when in his opening speech he hit hard against both the Left and the Right.

But most of his jeering was against the conservative leadership.

"One conservative leader, the one with the knife, cuts with all his might into the welfare cake. The other makes small unfamiliar noises about social responsibility from the platforms which remain available to him.

"The rigidity in the conservatives' economic facade would be badly corroded if it were carried into practice in government policies. It is nice to know that it will never happen, in any case not with our assistance."

At a press conference after the speech the Liberal Party leader was asked what he meant by "too much of a carnival."

Mostly Frivolity

"That is a figure of speech which I hope is understood," he said. "Actually, I think that the conservatives have the ability to look as though they are doing something serious, while at the same time they are engaged in frivolity."

The criticism of the social democrats was mostly a criticism of the employee funds: "Nothing of the liberal program which we value so highly will remain if the social democratic funds are carried out. If the social democrats thought through this matter of the funds, they would be doing both themselves and the country a service."

But Ullsten did not want to go so far as to accuse the social democrats of knowingly weakening democracy. "I do not agree that they want to introduce some form of Eastbloc socialism," he said after his speech.

"That is a vulgar exaggeration. But political democracy is weakened by the funds, even if that is not intentional."

One of Ullsten's objections to the employee funds is that they make it more difficult for the middle to cooperate with the social democrats.

"We need more political cooperation," he said in the speech.

"Sweden would do better if we could lay the ideas of the outer fringe aside and instead jointly attack the economic crisis.

"That demands a break with the old bloc politics and greater willingness to cooperate across party lines. The tax agreement shows that it will work, if we only have the will.

"That time there was no will on the part of the conservatives. Now the social democrats have placed a large heap of gravel in the form of the employee funds in the way of cooperation."

In his speech Ola Ullsten also went on a very hard attack against school policies.

Gobbledygook

"The experts and their language have taken charge. Behind a curtain of bureaucratic gobbledygook they have succeeded in conjuring away the fact that the most important task of the schools is to teach knowledge and to prepare the children for a working life where performance must both be encouraged and rewarded, and where certain jobs are more difficult to do than others."

Peter Orn, chairman of FPU [Liberal Party Youth League] criticized the role of the Liberal Party during their time in government. "The party has too long been marked by caution and fear, which has gone like a ghost through the entire Liberal Party. It has had its feet in the crack between power and the curse of smallness."

SDP's Wage-Earner Fund Also Criticized

Stockholm SVENSKA DAGBLADET in Swedish 26 Feb 82 p 6

[Article by Hans O. Alfredsson and Claes-Goran Kjellander: "Collective Agreement: Compromise on Matter of Conflict"]

[Excerpts] The general political debate at the Liberal Party congress in Stockholm was stamped by hard attacks

against the Left and the Right, against the socialist "employee funds" and against "egotistical conservative policies."

Several speakers took up the actual conflicts between the conservatives and the government parties. Sture Thornsjo from Linkoping received the largest applause of the afternoon when he rejected cooperation in a government with Ulf Adelsohn, Lars Tobisson or Georg Danell: "Better a shepherd than an Ulf in sheep's clothing," he said.

And Minister of Trade Bjorn Molin compared the conservatives' "blackmail in Riksdag committees" with the activities carried out by "those who threaten to go on political strike to get their demands."

The collective agreement with the Social Democratic Party was similar to the previous congress in Umea, a matter of conflict: to legislate or not. The party leadership had formulated a careful call for an analysis which the committee wanted to strengthen.

Party secretary Lars Leijonborg recommended, however, that the preparing committee should consider a compromise, and so it became.

Late Thursday evening the party leaders also won the important vote on the so-called principle of equivalency, with 99 votes against 84. It took 2 hours of intensive debate, however, before the congress decided.

The decision means, among other things, that the Liberal Party will work for equivalent positions for labor and capital, especially in the larger firms. The committee wanted to express itself more specifically, and a number of private businessmen spoke in favor of the issue.

The first vote during the congress took place on Thursday evening, when Ola Ullsten, with heavy applause, was reelected party chairman.

'Artificial Attempt at Balance'

Stockholm SVENSKA DAGBLADET in Swedish 26 Feb 82 p 2

[Editorial: "The Ullsten Doctrine"; passages enclosed in slantlines printed in italics]

[Text] So far as is known, it has not happened in modern times that a Liberal Party leader has made a formal speech at his party's congress without his appearance being marked by a greater or less degree by the characteristic /double effect/.

The sketch is roughly this: On one side we are against an oppressive socialism, but on the other side we are against aggressive conservatism which is increasingly unjust.

Time after time the party's position is expressed by taking distance from real or imagined standpoints on both sides.

Each attack on the social democrats is covered by a corresponding one on the conservatives.

This method of creating a balance makes an artificial impression on the outside observer, but in one respect the method is undeniably practical. One can tell from the strength and duration of the thunderous applause what the mood of the party congress is. With well-briefed speech writers at suitable places in the hall one could easily direct /when/ the applause should come, but the /length and strength/ of the applause is determined by those applauding.

During Ullsten's speech yesterday the longest and strongest applause followed one of those passages which criticized the conservatives. "Rigidity in the conservatives' economic facade would be badly corroded if it were carried into practice in government policies. /It is nice to know that this will never happen, in any case not without our assistance."/

Thunderous applause!

Carefully read, Ullsten's statement is not necessarily a rejection of cooperation with the conservatives. But it does not facilitate a nonsocialist agreement. The participants in the congress were enthusiastic.

There has of course been talk of a turn to the right in the party, in connection with the recommendation for a new party platform and new party leadership. Ola Ullsten, who considers such talk negative, defends himself against it. One could also read from his speech a clear difference in the attitudes toward both large opposition parties.

Ullsten disapproves entirely of the policies of both the social democrats and the conservatives. But it is proper and exemplary to cooperate with the social democrats; an agreement with them has value which is worth concessions. On the other hand the conservatives are a society that one should avoid. If there is to be agreement with the conservatives it must be due to conservative acceptance of the viewpoints of the middle parties.

Can the originator of the Ullsten doctrine himself be surprised that it does not work in practice?

9287

CSO: 3109/114

COMMUNIST PARTY SPOKESMAN ON EVENTS IN POLAND

Zurich DIE WELTWOCHE in German 17 Feb 82 p 2

[Text] The small Swiss Labor Party does not want to follow the lead of either Georges Marchais or Enrico Berlinguer. Its secretary general, Armand Magnin, Geneva National Council, is seeking an independent course.

After years of a development that was not without problems but nevertheless permitted Poland to become an industrial power of the first rank and considerably improve the living conditions of the people, this country [Poland] has undergone a grave economic and political crisis. Leadership errors and deficiencies in democratic practices for which the Polish United Labor Party (PZPR) is responsible are the most important causes and explain the outbreak of dissatisfaction among the people in August 1980.

From the first days on, the Swiss Labor Party has welcomed the initiatives of democratic renewal because the party considered legitimate the most important demands by the [Polish] workers: creation of unions that are independent of party and state, the right to strike, self-administration, the expansion of democratic rights in all fields. In essence, the leadership has met these demands even though conservative elements inside the PZPR tried to slow down the movement. But "Solidarity" responded to each compromise with new and even more far-reaching demands which were supported by continual strikes that paralyzed the country, made the economic situation more difficult and led to anarchy.

Encouraged by an irresponsible international campaign, "Solidarity" extremists increasingly assumed the leadership of the organization and during the meeting in the beginning of December the demand was made to seize power which, in turn, resulted in the intervention by the army and the well-known consequences.

On 20 December the Politburo of the Swiss Labor Party confirmed in a statement the first reactions of the Party Secretariat on the day the Polish military took power, and expressed its shock and concern over the developments of the Polish situation. It emphasized that "recourse to extraordinary measures would not have been necessary if the socialist democracy had had the institutional means to settle unavoidable conflicts through discussions and negotiations especially in the form of direct participation by the workers in

government functions." The Politburo added "that a true solution of the crisis is possible only by way of restoring democratic freedoms and the rights of the unions, and by resuming negotiations between the different forces of Polish society without outside interference and in avoidance of anything that could be detrimental to mutual understanding."

The events in Poland raise serious questions for communists in all countries. Their answers are often different depending on their basic analysis and also because of the particular social, economic and political conditions in their respective countries. The Swiss Labor Party considers with interest these analyses, evaluations and discussions which are at times too polemic, forms its opinions in complete independence by proceeding from its own position, experience and analysis. The party is of the opinion that the crisis in Poland is caused to a large degree by the contradiction existing between the economic-social development and the structures of a society which no longer corresponds with this development and with the natural demands for increased democratic participation by citizens on all levels. It is our opinion that this is a problem that all socialist countries are faced with to varying degrees. Reforms along these lines are indispensable and unavoidable, and they will help socialism to a new revival.

All documents of the Swiss Labor Party and all its practical political efforts in intention as well as activity assign first place to the defense and expansion of democratic freedoms and rights. It is therefore normal that the party opposes any violations of these basic rights in socialist countries as well as anywhere else in the world. And this also gives the party the right to expose openly the scandalous political exploitation of the events in Poland by those people whose indignation is selective and one-eyed.

8889

CSO: 3103/284

MAUROY ADDRESSES WAR COLLEGE ON NUCLEAR, DEFENSE STRATEGY

Paris DEFENSE in French No 22, Oct 81 pp 5-10

[Text of speech by Prime Minister Pierre Mauroy at the Inaugural meeting of the 34th national session of the Institute of Advanced Studies of National Defense, on 14 Sep 81: "The Coherence of a Defense Policy"]

[Text] It has become a tradition for the prime minister to open your activities by outlining for you the country's defense policy guidelines. It is as a matter of fact the head of government who, in his capacity as "official responsible for national defense," under the provisions of the Ordinance of 7 January 1959, "handles the general direction and the military direction of defense under the supreme authority of the President of the Republic who is the commander-in-chief of the armed forces." The profound changes that have taken place in the country's political balance and the accidental chance represented by your session schedule means that my presence among you, it seems, has aroused a certain degree of curiosity.

You and quite a few others beyond this chamber are expecting specific and legitimate statements. Now, it so happens that your session takes place before there could be any discussion within the administration. You will readily understand that it is not for me now to say anything about our future decisions ahead of time.

But, rest assured, the administration does have a precise idea of its defense policy. For more than 10 years, we have been doing some in-depth thinking in this field thanks primarily to the work--need I emphasize here--inspired by Charles Hernu who today is minister of defense and whom I am happy to welcome. The Institute of Higher National Defense Studies has already greatly contributed to this in-depth thinking endeavor. It must continue to do so. Your Institute is one of those rare and privileged places where all components of the nation manage to gather in order calmly to debate the necessities and constraints of our common security.

Permit the first head of a left-wing administration under the Fifth Republic to remind you that, while the need for such an institute was first expressed in 1931 by Admiral Castex, it was Leon Blum who, in 1936, created the "College of Higher National Defense Studies," whose heirs you are. The head of the Popular Front Administration explained at that time that the mission was to create, among all students, "a unity of feeling, thought, and doctrine."

I know that, under the stewardship of Admiral Castelbajac, you will uphold this by now longstanding tradition and that, at the end of your session, you will pass on to me

the fruits of a thinking effort which I hope will be rich, original, and therefore fruitful.

To help you in this activity, I would like quickly to sketch the framework within which your research is located.

Defense, like the threat itself, is global for any administration and cannot be studied only from the military viewpoint. Before talking about strategy, even before talking about armaments, we must know whether a spirit of defense exists within the national community.

To enable that spirit of defense to manifest itself, it is necessary for the notion of community to be experienced by the entire country. A divided country is a weak country. To make sure that the French will actively take charge of their security, they must feel supported, protected by their membership in the nation. Let us take the example of unemployment. Who does not see that if only by the example of certain neighboring countries--the pernicious effects which it has on our social structures? It tends to break them up.

On the one hand, we are witnessing a situation in which a segment of our younger generation is increasingly pushed to the sidelines, in other words, young people who feel excluded from the national community and who tend to rebel against it and to slip into a life of crime. On the other hand, we can see the growth of the mass of welfare recipients who passively resign themselves to second-class citizenship status.

What then can the spirit of defense mean for these groups? The administration's policy--centered on an economic revival and on a new distribution of the volume of labor--seeks to correct the shortcomings thus created.

Before being able to demand of its citizens that they assume their responsibilities toward society, society must guarantee their rights and first of all their right to work.

Our thinking on national service, its content and duration, must be extended and developed in depth primarily by absorbing these facts. Beyond the fact that our nuclear deterrent force cannot be the sole guarantee of our defense and that it is important for our three traditional services to have sufficient, well-trained, and well-equipped personnel, national service is one of the expressions of national solidarity. It is through it that the French people's adhesion can and must manifest itself and that adhesion is indispensable for the effectiveness of France's foreign policy.

Beyond the phenomena of the current situation which, for the immediate future, prevent us from reducing the time of national service, we still face the need of improving its effectiveness. This period of time, during which each citizen certainly discharges a duty but above all exercises his right to learn the trade of arms, must correspond to a real training effort. Since this is a right given to each citizen, there is no reason for women to be excluded in the name of a historical tradition. It is therefore a good idea to encourage volunteering by women.

A more intensive and really operational type of military service would make it possible in a dynamic fashion to pose the problem of territorial defense through a truly popular mobilization.

The second element which an administration must take into account when one speaks of defense is the way the country's production machinery works. The country's independence depends primarily on the power of its economy, on the autonomy of its technology, and on the stability of its resources in terms of energy and raw materials. In an international context of crisis, France has watched its positions grow weaker in these various fields. Here again, the administration's policy is aimed at carrying out the indispensable restoration, particularly by falling back on an enlarged public sector, by controlling the flow of finances through the nationalization of credit, and by promoting a budget effort which is particularly sensitive to the benefit of civilian research.

In the energy field, without prejudging the conclusions of the debate which will take place shortly in Parliament, I can tell you that the administration is determined to pursue a policy which is based on three main ideas:

Speed up energy savings which offer the twin advantage of saving our foreign exchange and of creating jobs, especially in the small and medium industries.

Exploit national resources to the maximum extent, regardless of whether this involves, for example, a review of the situation in our coal regions or the start of exploitation in the French forest regions;

With all necessary security guarantees, pursue a nuclear electric power equipment program.

These characteristics, to be sure, are not to be found only in France. The crisis touches the entire Western world and particularly strikes our European partners. The entire geopolitical zone in which we live is thus weakened. Any decline in one nation of the Community leads to a loss of power for the whole. This is why an effort at reorganization and solidarity is necessary on the European level.

It is as a matter of fact striking to find that problems arise in an equivalent manner in each of our countries, regardless of the particular social-political characteristics. The same obstacles in Europe are now arising in the way of the development of a common social state, advocated by the President of the French Republic Mitterrand, and in the way of the creation of a military defense state.

Besides, the fabric of our alliances is threatening to be stretched too much the moment one or the other partner places himself in a situation where he conducts a real economic war against us.

Now, France intends to remain faithful to its allies, first and foremost among which we have the United States of America. The administration is perfectly aware of the fundamental contribution made to the balance of forces by American deterrence. But how could one fail to see that this American deterrence is intended to protect the United States, of course, in other words, the entire Western camp, and naturally not only France. I would even say: Not France primarily!

Although France voluntarily withdrew from the integrated military organization, it does consider the Atlantic Alliance to be not only an organization of collective security but above all a human community of which it is a part and in which it purposes a policy in keeping with its own essence. That is where our commitment is, but the content of the treaty should some day be capable of being adapted to the new historical context.

France likewise accepts all of the treaties from which the Western European Union has sprung. It is by the way this loyalty which makes France promote European construction with a view to common economic recovery, the reduction of inequalities, and fair cooperation with the developing countries.

France is not forgetting the bonds which it has woven overseas, especially with Africa, and whose strength manifests itself, regardless of the vicissitudes of history. In the name of this heritage, France must play a dynamic role with the industrialized countries and those that are not industrialized. It must in particular work hard to make sure that North-South relations--on which depends the future of humanity--will not be permanently mortgaged by the East-West debate.

We reject a bipolar concept of the world. Only by increasing the number of decisionmaking centers can the necessary developments take shape and only in this way could Europe recover its autonomy; only in this way could the Third World achieve real independence.

It is this analysis in particular which persuades us to affirm forcefully the right of peoples to self-determination. This is what persuades us to fight against foreign interference, regardless of whether it be in Africa or in Latin America, in Poland or in Afghanistan. This finally is the thing that will always make us the uncompromising defenders of human rights.

This is why we are convinced that the gravest perils menacing our planet are underdevelopment and nuclear proliferation; this is why we are firmly in favor of a limiting and a simultaneous and negotiated reduction in armaments. But these negotiations are possible only--especially in the European area--if there is a balance of forces beforehand. If this balance is upset--which is the case today--it must be restored, as pointed out by the President of the Republic, before a basic discussion can be started.

As you can see, France's policy is in no way neutralist. The country's geographic location alone prevents us from having a neutralist policy. On the other hand, considering our level of development, any isolation would be impractical. We must draw the proper conclusions from that, especially when we examine the defense of our border and their approaches. Aggression against France does not begin when an enemy penetrates national territory.

Attentive to the threats existing in an unstable world which unfortunately turns its back more and more on the rules which the international community has worked out for itself, France, faithful to its alliances, aware of its membership in the European area, intends to preserve the autonomy of its choices and its decisions in military matters--that last recourse in foreign relations.

The means for this decisionmaking autonomy consist of nuclear deterrence. General de Gaulle was able to pursue an independent military policy, which took France out of the integrated military organization of the North Atlantic Treaty, because he chose to equip the country with nuclear weapons. It is true that research in this field was started quite a bit before General de Gaulle came to power.

The administration completely supports that decision. The country's military equipment situation does not offer it any other way out.

Persuaded to seek an independent military defense setup, France established a nuclear capability for which it is not beholden to anybody. This gives France a specific role in the world and particularly in Europe.

In line with their strategies, the United States and the Soviet Union provided themselves with a broad range of military instruments whose asymmetry results from different concepts that serve as the foundation for those countries. The development of these arsenals leads to a situation marked by the fact that official organizations--and not minor ones either--publicly doubt that the United States has retained its supremacy. Now, the balance of forces, to say the very least, is indispensable for preventing war and above all for organizing peace better.

In this context, the objective of the French deterrent force continues to be the effort preventive discouragement of an adversary from engaging in aggression against our vital interests and, first of all, against national territory. Armed aggression aimed at the sovereignty of France in effect is the most serious threat against which the nation must gird itself. We must preserve national independence, that is to say, the possibility of being able, in all freedom, to carry out political and diplomatic decisions.

The potential aggressor must clearly realize that his action will trigger a response which will signify human casualties and material losses way out of proportion to the benefit which he might expect from his initiative.

From that angle, war represents the failure of deterrence. French strategy thus remains the strategy of deterrence exercised by the weak against the strong, that is to say, a strategy which can only be anti-city. Its basic principle resides in the possibility of inflicting even upon the most powerful aggressor the kind of damage considered greater than the stakes represented for him by the country's vital interests. This was made possible by what we call the equalizing power of the atom. But once again, this deterrence must be credible, that is to say, it must first of all be inspired by an unshakable political determination resting on a clear and affirmed doctrine as well as on the existence of sufficient means so that the adversary will take them into account to the point of not staging his attack.

A strategy however is not motionless and must be adapted to the evolution of threats and technologies.

There is certainly no question that France, like the United States, could adopt a strategy of deterrence involving a varied and complete range of responses which could, according to the situation, be adjusted to the various possible levels of aggression. This strategy--which undoubtedly is in line with American possibilities

and interests in Europe--calls for using a broad range of actions corresponding to the degrees of violence involved in aggression. The objective is to restore deterrence at a selected level by discouraging the adversary from climbing another step in this escalation of violence through the threat of a more damaging response.

According to this concept, Europe, as far as the United States is concerned, can only be a step on the ladder of violence and not one of the supreme goals of American defense. This is an eventuality that is unacceptable to the French. This eventuality must make European think deeply about the prospects of a political grouping provided with an autonomous defense.

This American strategy presupposes a sufficient spectrum of means, something which is totally impossible for France as compared to the potential developed by the two superpowers. It was furthermore officially rejected in a radical manner by the Soviets. The United States seeks to impose it upon the USSR but the level attained by that country's military potential makes this undertaking increasingly difficult.

The Warsaw Pact forces are quantitatively superior to those of the Atlantic Alliance. This superiority was further increased ever since the Soviets, with the SS-20 missile, developed a weapon which specifically threatened Europe. It has a destabilizing effect and consequently justifies the existence of an autonomous French deterrence force.

(This permanent development of nuclear armaments forces France permanently to modernize its own potential.)

Right now, France's nuclear strategic forces are based on three complementary components.

The Mirage IV aircraft whose flexibility of employment gives the administration possibilities of making certain moves in crisis management;

The ground-to-ground missiles on the Albion plateau which, by virtue of their characteristics and positions on national territory, force an adversary to launch a major attack in order to destroy them which could not remain "anonymous";

The missile-firing nuclear submarines which, by virtue of their invulnerability on the open sea and the permanent threat they constitute, regardless of what happens, represent a second-strike capacity which turns national territory into a sanctuary.

The decision to build a seventh nuclear missile-firing submarine is being looked into within this general context. In this way France could keep three invulnerable submarines at sea, submarines which permanently and regardless of the circumstances would be able to fire their 48 warheads in the megaton range. This capacity will be further augmented by the commissioning, in 1985, of the M-4 multiple-warhead missile.

In the current and foreseeable state of technology, by the year 2000, the nuclear submarine remains a decisive element of France's defense system. It is in effect invulnerable because it cannot be detected at the bottom of the sea. The increased range of the missiles placed in service in 1985 will further enhance this invulnerability by increasing the area that can be patrolled.

While the strategic ocean force thus represents the framework of French deterrence, it must however not be reduced to this one and only system. The desire for diversification as a matter of fact is quite in keeping with the threat of a technological breakthrough which is possible in spite of everything. This is why it is also necessary to complete the efforts to modernize the missiles on the Albion Plateau and even regarding some of the Mirage IV aircraft which will be equipped with the medium-range air-to-ground missile.

It thus remains necessary to continue our effort of adjusting to technologic progress. In this connection, it is possible to commission another component which would take the place of the Mirage IV, the first of whose planes began to fly in 1959.

Despite permanent adaptation and modernization, strategic nuclear deterrence may turn out to be insufficient itself or it may be outflanked.

To prevent this outflanking, the nuclear strategic forces must be joined by the conventional forces which have been upgraded with tactical nuclear weapons.

The purpose of tactical nuclear weapons thus is to restore deterrence on the strategic level.

Its employment would signify the determination of the President of the Republic to go all the way and, if necessary, to resort to the use of nuclear weapons aimed at the population.

This does not mean that tactical nuclear weapons should be used to win a battle but instead, with the help of these tactical nuclear weapons, in a credible fashion to brandish the strategic nuclear threat if an armed conflict should in spite of everything be triggered by the aggressor in the European theater.

The presence of this weapons system in our conventional forces furthermore makes the adversary adopt a scattered deployment pattern for the sake of nuclear safety which of course reduces his offensive capacity.

The ground forces for the past 7 years have been equipped with the Pluton for which we will soon have to find a successor. The Navy with its shipboard Super-Etendard and the Air Force, with its Jaguar aircraft and soon its Mirage 2000 aircraft, equipped with the medium-range air-to-ground missile, also have a tactical nuclear capability.

As in the case of our strategic forces, it is necessary to keep up with technological progress by periodically adapting and modernizing the boosters and the weapons in our tactical nuclear armaments.

The United States has just decided to procure the enhanced-radiation weapon, that is to say, the neutron bomb, and the Soviet Union, judging by its statements, is perfectly capable of producing such weapons. These events must alert us.

Neutron weapons are tactical nuclear weapons like the others. They are thus included in the threat of employment on a battlefield that could extend to Western Europe. As far as France is concerned, it would not be rational a priori to refuse

to acquire a weapon which could increase our deterrence potential. This capability must be developed in depth. This is why the administration has decided to continue studies in this field.

The obligations deriving from the 1948 Brussels Treaty, as well as France's membership in the Atlantic Alliance and the impossibility of disregarding its immediate neighbors, explain France's military presence on German soil. This aspect of our military deployment is not an isolated element. The military threat which France must cope with takes on many forms. This is the price to be paid for our desire to preserve peace.

The French Republic will never take the initiative in a conflict, an initiative which by definition must be taken by the aggressor, something which also applies to the methods of attack. This implies that France must take several assumptions into account. Refusing to acquire the means for responding to a possible ground aggression would in the end create doubts about France's determination to defend itself and therefore it would also create doubt as to France's deterrence strategy.

Beyond national territory and beyond the European theater, apart from international commitments which must be kept, France's vital interests also consist in guaranteeing the safety of its supplies and in being able to guarantee the safety of its citizens overseas. It is thus indispensable to maintain a foreign action capability consisting of three components on land, in the air, and of course on the sea.

This latter military aspect is also a part of deterrence by contributing to the defense of the country's independence. The growing increase in the military potential of all nations, including those of the Third World, persuades us to reexamine the type of force which must be assigned to such operations. These forces must be real multipurpose forces in order to prevent a situation in which our troops are facing an adversary who is better equipped than they.

The armament policy which thus turns out to be necessary can advance from the planning stage only by virtue of the time interval required for the conception and installation of a weapons system. This planning effort must be a part of the interim 2-year plan and then it must be a part of the 5-year plan currently being drafted.

There are two ways that are possible for France: Purchasing its armaments and accepting a situation of dependence; manufacturing weapons, possibly in cooperation with allies--and thus guaranteeing its independence. But independence costs a lot of money. Above all for a medium-level power. It is thus necessary to make wise choices in the matter of armaments. We must not make any mistakes because any mistake we make cannot be made up, the way a superpower would do. On the other hand, it is absolutely necessary to make our armament industries profitable.

France has no desire to become an arms merchant. But France cannot deny itself the chance of exporting military materiel. Of course, with respect to itself and with respect to its partners also since it would enable them to increase their margin of independence by saving them the trouble of having to turn to one of the two superpowers with all of the consequences deriving from this kind of link. The wide radius of France's armament industry first of all--let us not forget--derives from its independence.

In this context, the administration is nevertheless determined--while scrupulously complying with the contracts that were signed--not to make any shipments of military equipment to countries that engage in discrimination contrary to the most elementary human rights.

There are other points to be taken up in the context of this French defense panorama, especially all those which directly concern personnel. But the defense minister will soon have an opportunity to talk to you in the administration's name. However, I would not like to conclude without first having said a word about civil defense. This indeed is an important element in the necessary development of that spirit of defense which I mentioned earlier.

In the dialectic of deterrence, France should take the initiative of a nuclear response against an adversary who would threaten its vital interests and who could himself make a nuclear response. It can thus be the target of a surprise nuclear attack. The very short duration of missile flight, the effects of nuclear weapons, do not enable us with full effectiveness to save the civilian population. Information and protection measures must therefore enable us to limit the damage.

How could one refuse the French people the right to be informed on this subject? It is therefore indispensable for us to put together a vast organization charged with training the population in preventive and corrective measures which would considerably reduce the losses in case of nuclear attack. Apart from the fact that such an organization would increase our deterrence by indicating a very real approach to the nuclear risk faced by the people, it would be useful in peacetime by participating in the fight against accidental or natural disasters.

Allow me, ladies and gentlemen, to conclude this administration policy statement by reminding you of the terms of the Ordinance of 1959 which I mentioned in the beginning. It says there that "The purpose of defense is to assure, at all times, under all circumstances, and against all forms of aggression, the security and integrity of the territory as well as the life of the population." These terms are highly significant because the danger does not spring solely from the menace of a sudden invasion.

I am certainly a prime minister who is in favor of change but there is at least one point to which we must stick: The urgent imperatives of defense.

The mission of the military establishment is to cope with certain types of threats while being extensively subjected to a series of constraints inherent in the international and national situation. Aggression therefore assumes many and complex forms in which all factors are intertwined. This is why we can only have a general, overall defense and this is quite in keeping with the requirements of the present and even more so in the context of the crisis which we live through at this time.

Defense is aimed at the protection of the entire nation and in this connection involves several aspects, all of which are interconnected, regardless of the seriousness of the threats. This necessary coherence is required as a point of evidence but it has not always been clearly perceived in a recent past and in the present. Our primary objective thus is to restore it.

National defense and national security constitute urgent requirements which transcend political choices. Defense and security thus are the job of any administration, especially the one I have the honor to direct.

In a world where the threat is global, defense certainly is not up to the military establishment only. But the role of the military establishment remains irreplaceable just the same.

The President of the Republic and the administration know that they can count on the armed forces, be they regular personnel or draftees. They express their confidence to them.

They also know that they can count on the defense spirit of the country's economic and administrative officials who each year follow each other in your institute. They hope that this example will help the entire country and that our fellow citizens will address themselves to their defense problems.

In the midst of the troubled world in which we live, they certainly must sometimes wonder and doubt. I would like them to realize that if, for France, organizing its defense yesterday meant preparing for war in order to win, perfecting our defense today means preventing war and providing additional reasons for believing in peace.

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REPORTS EXAMINE DEFENSE, ECONOMIC POLICY IN MEDITERRANEAN

Paris DEFENSE in French No 22, Oct 81 pp 25-32

[Article: "The Defense of the Mediterranean"]

[Excerpts] Among the four subjects proposed to them as working themes for 1980-81, the defense of the Mediterranean attracted many of the audience, since twelve reports on that subject were presented to the institute last May.

Those reports, all of them substantial, are the result of deep reflection, often present penetrating and original views, and propose most interesting solutions in an attempt to reduce the tensions of all types which in our time characterize the Mediterranean basin. They all deserve to be read attentively, but it is out of the question because of their length to publish them in their entirety. That is why--although the method adopted does not appear entirely satisfactory--it seemed advantageous to publish a few significant excerpts from them.

In this second half of the 20th century in which we live, one of the most striking characteristics of the politico-military situation is the presence, face to face in the Mediterranean, of powerful American and Russian air and naval elements. The Americans are clearly not borderers on that sea. The Russians, since reaching the Sea of Azov under Peter the Great, have pretended to a presence in the Mediterranean, which as we have seen is arguable. The Clermont-Ferrand association examines the validity of those two antagonistic presences:

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"At the Monaco conference that anomaly was underscored, and it was said that the presence of the two superpowers in the Mediterranean was a permanent source of danger. Only a 'neutralization' of the Mediterranean basin, M Zorgbibe thought, could put an end to this dangerous situation. As for

*Meeting of the World Academy for Peace from 19 to 21 February 1981.

General Buis, he stated that the American 6th Fleet no longer serves any purpose in the East-West confrontation, and that the Soviet Union is actually seeking a passage south of the Sahara.

"A number of Mediterranean countries, particularly on the southern shore, have shown themselves to be ardent believers in that thesis, and in conformity with UN recommendations have asked for the departure of the foreign fleets and the 'denuclearization' of the Mediterranean.

"While recognizing the soundness of the arguments advanced, our position is less clear-cut. We think Mediterranean countries have a calling to solve their own problems, and that if left alone they would more easily find happy solutions. On the other hand, we must remain realistic: application of that principle, while excellent in itself, still seems to us beyond reach. One would have to be very naive to think the Soviet Union, once it occupies a position, would abandon it simply on diplomatic recommendations by international authorities. And to match that Russian power, it is clear that European resources alone are now too scanty; it is likewise clear that but for repeated American interventions Turkey would long since have passed into the Soviet orbit--with all the resulting disastrous consequences, as we have said--and that, too, Europe alone could not have prevented."

The Toulon association sums up its point of view as follows:

"The Helsinki accords (second part) contained a section concerning security in the Mediterranean, the signatories declaring 'their intention to contribute to peace and to the strengthening of security through reduction of armed forces in the region.'

"That is a very optimistic view. We think, and history shows, that the Mediterranean can be a sea at peace only if there are one or a few policemen to prevent local conflicts among the 17 coastal countries from deteriorating.

"We consider that the direct threats in the Mediterranean are weak. On the other hand, defense must be vigilant in the face of indirect threats: terrorism, destabilization, local conflicts. Only a defense relying on European coastal countries and on all united western Europe is to be encouraged.

"To our knowledge, the only domain having given rise to a general solidarity of Mediterranean countries is that of pollution, with meetings of concerned ministers, but without appreciable results."

The Toulouse association does not altogether share that optimism. Indeed, it considers that though it is established that an equilibrium exists between the two superpowers, "the hypothesis of a direct conflict between them is highly improbable, and that the risk of direct confrontation affecting our interests does indeed exist."

"The French navy in the Mediterranean is one of the instruments of our defense policy. As such, it must contribute to guaranteeing the national territory against all aggression; it must participate in the defense of Europe by protecting its southern approaches; it assures the support and safeguarding of French interests, especially by preserving essential communications and supply routes; finally, it contributes to the security of countries linked to France by special agreements, and in a more general way it can play a role in maintenance of regional equilibrium in the Mediterranean. This latter facet was recently recalled to mind by the minister of defense: 'Our friendly connections with certain Mediterranean countries could lead us to come to their aid, for France, as the first military and maritime power in the Mediterranean, could in no wise disown its commitments.

"The naval shortcomings of the Middle East are all the more disquieting in that contrary to a widespread opinion, air and naval forces remain an instrument of prime importance in the Mediterranean. We must in this regard distinguish between two hypotheses. If we consider those forces to be engaged in a major generalized conflict, with a rising trend toward extremes, it is probable that we will witness a rapid annihilation of surface forces in the Mediterranean. The question then becomes that of the probability of a conflict of such character as would have many other consequences, in the Mediterranean and elsewhere. If on the contrary--and this hypothesis seems more plausible--we are engaged in a cycle of masked crises of variable intensity, leading to periodic confrontations but without escalation towards extremes, the problem becomes altogether different. In such a context, air and naval forces are preferential instruments of political action by nations possessing them to a significant degree, for they are flexible instruments whose use such nations are not likely to forego as a means of supporting their initiatives within the framework of an indirect strategy. Their usefulness is then essential."

What, precisely, are French interests in the Mediterranean? The Franco-Comte association considers that they are not exclusively linked to the Mediterranean and its coastal countries, but extend to the entire region.

1. France has Geographical and Maritime Interests

The Mediterranean, on which it has 700 km of coast, represents for France:

- (a) A prime commercial route which brings it 50 percent of petroleum traffic and 40 percent of the total traffic;
- (b) The contribution of a 200-mile zone very important for fisheries and sea bottom resources including metals and possibly petroleum.

2. France has Military and Strategic Interests

It must protect its communications which assure its supplies of petroleum and raw materials;

Corsica is part of the national territory where destabilization instigated by foreigners must be prevented;

France has a primary interest in seeing that north Africa does not fall under Soviet hegemony;

Black Africa may be the starting point towards the north for surrogate subversion by Cubans and East Germans, as was the case in Angola and Ethiopia.

3. France has political and diplomatic interests

These latter are closely linked to the foregoing. Three zones are of concern to France:

The first, comprising Italy, Spain, Greece, Turkey, Malta and Cyprus, includes members of the European Community, associates, or candidates;

The second comprises the Maghreb countries: Tunisia, Algeria, and Morocco;

The third embraces the other countries: the Near East and eastern Mediterranean.

The ideal is evident: the Mediterranean for the Mediterranean peoples, as Africa for the Africans.

But since such interests on the world scale are at stake, and since the Mediterranean is a part of the chessboard, that slogan is at present but a deception.

The Suez affair was the proof of this: intervention by the United States and the USSR then put an end to an expedition which had started well but ended badly. The spirit of Yalta was not dead. Is it today? The question may well be asked. President Pompidou, seeing the European center of gravity shifting northward towards what may be called Scandinavian Europe, desired to restore the balance by creating a counterweight in the Mediterranean by favoring entry of Spain and Portugal into the Common Market, with all the advantages, but also the disadvantages that would entail. Since French commercial agreements with Mediterranean countries can only be made through the EEC, cooperation agreements were concluded with Morocco (phosphates) and Algeria (gas and petroleum), and immigration is now causing many social problems. The Turkish colony in France is a hotbed of ferment used for political ends; its reactions, being conditioned by internal events in its home country, could be dangerous and could be exploited by a foreign power. And let us not forget that the defense problem is global and forms a whole.

4. France has Touristic and Ecological Interests

The shores of the Mediterranean are a source of foreign exchange.

Pollution can be a dissuader to tourists and a disaster to fisheries: we have known the red muds of Sardinia which threatened Corsica. The Monaco oceanographic museum can help safeguard Mediterranean flora and fauna.

5. France has Cultural Interests

As a Latin country, the longtime presence of France in the Middle East (Lebanon), in Egypt, and in north Africa has made French a privileged language in the Mediterranean world. Many Mediterranean students attend French universities; their return to their countries of origin does not necessarily make them Francophiles, but creates a leftist intelligentsia ready to counter France.

To those interests it is proper to add the economic interests of which the Toulon association has drawn up a detailed inventory concerned with maritime communications, gas and oil pipelines, cables, and telecommunications. Its significant data is excerpted here:

We emphasize the dependence of France in the matter of energy and mineral raw material; for it is 70 percent dependent on foreign sources for copper, zinc, and manganese. This gives primary importance to marine transportation, which in part conditions the regularity of our supplies. The Fos steel mill functions exclusively with imported coal and ore.

And France, moreover, accounts for only a small portion of its carrying trade under its own flag.

For 1974, imports by sea represented 76 percent of total French imports, or 190 million tons. Of that tonnage 29 percent was carried under the French flag, and 79 percent under foreign flags.

Our exports by sea, some 30 million tons representing 24 percent of our total exports, were carried in these proportions: 20 percent under the French flag, and 80 percent under foreign flags.

The volume difference between imports and exports arises from the fact that we import essentially raw materials, and export finished products. Hydrocarbons represent nearly three fourths of our imports by sea.

Comment

Its capacity is still weak, though growing, and even allowing for its refusal to ask its members to make priority use of it for their hydrocarbon exports, the existence of the AMPTC (Arab Maritime Petroleum Transport Co.), established by the OAPEC [Organization of Arab Petroleum Exporting Countries], should not be overlooked.

The interests of France in the Mediterranean are certainly of great importance, but the same is true of Europe as a whole, and on that point some

questions are in order. The Lille association cites on this subject a statement by M Michel Debre, which retains all its value today:

"...Most European nations are indifferent to the Mediterranean. Besides France, only Spain, Italy and Greece could become conscious of the stakes, but with the exception of the latter, which is torn by rivalry with Turkey and which has conquered half of Cyprus, the present severity of their internal problems diverts them from exercising a real influence.

"Britain has made its choice of retreat and contents itself, as in other parts of the world, with supporting American policy. The Federal Republic of Germany has inclinations to resume an Arab policy, and it has trump cards, particularly financial ones. But if France has no Mediterranean policy there will hardly be any European policy in the Mediterranean, but only the taking of commercial positions, without concern for moral or ideological issues. We may regret it, but such is the situation. 'If only there were a Europe, Turkey would never have invaded Cyprus,' lately wrote a journalist. He forgets that a Europe prompted by Germanic, Scandinavian, or even Anglo-Saxon preoccupations is entirely indifferent to Cyprus and leaves that island to its fate. . .as it does the whole Mediterranean."

Thus, after having recalled the geopolitical and historical particulars of the Mediterranean, and examined the present situation and its dangers--especially the hot spots where serious conflict situations either subsist or are developing, and are in general carefully nourished sub rosa by the USSR (Israeli-Arab confrontation, destabilizing actions by Libya in all directions, permanent Greek-Turkish tension in Cyprus, Polisario action against Morocco)--all associations have formulated proposals designed at least to attenuate if not to eliminate those conflicts. In any event, all those conflict situations threaten the interests of France and Europe, and even their security, in the short or long run.

Apart from the military defense measures already mentioned--whose strengthening the associations have advocated more or less vigorously--positive actions were proposed in three directions: cultural cooperation, concerted economic action, and diplomatic action.

It will be noted that all associations rejected the solution of neutralizing the Mediterranean.

As indicated by the Paris association, the question is one of responding to challenges, and for that France has trump cards:

"In the face of the dangers previously analyzed, it is no doubt illusory to expect immediate unanimity of action, or even a common vision of behavior by Mediterranean countries.

"France has a special vocation to participate in a privileged manner in maintaining Mediterranean security and defense:

"Historically, it has acquired an extensive experience of the peoples and their mentalities, together with a precious knowledge of the theater and terrain;

"It has established long-standing and profound economic and cultural ties with all countries on the shores of the Mediterranean;

"It is not integrated into the military organizations of the superpowers, especially from the command standpoint;

"The foreign policy it has pursued in the last few years has enabled it to preserve its freedom of action and to exercise its own initiatives, particularly towards neighboring countries.

Diplomatic Action

The antagonism of the two nuclear superpowers and the growth of tensions have made the Mediterranean a prime area of confrontation between the United States and the Soviet Union.

That situation could lead to various foreseeable situations:

Neither peace nor war, and consequently maintenance of the present status quo, with persistence of confrontation, and attempts at destabilization in various forms;

Negotiation by the two superpowers of agreements leading to an era of peace.

But should that negotiation take the form of a bilateral agreement with apportionment of spheres of influence, of the Yalta or other type, the complexity of the political problems peculiar to each of the neighboring countries, even if attenuated by a true detente, would lead to promotion of an organization able to insure peace among neighboring countries.

To be credible, it appears such an organization should be based on two leading principles:

It should have an original character;

It should maintain the sovereignty and independence of each member country.

Concerning the organization's original character, the report gives the following explanation:

"France, because it is not integrated in the military system of the Atlantic alliance, because it has built its own concept of defense, and because it pursues an independent foreign policy, has a vocation to promote this organization. It cannot be accused of acting for the two superpowers; it offers its model and asks nothing in exchange.

"It enjoys a capital of sympathy, for it was able to preserve, in every crisis of the last two decades, an independent position, even if that position may at times have appeared timorous.

"The proposal of an alliance of Mediterranean countries does not appear as a new neutralism, but as indicating the determination of the pact members to retain in all circumstances their freedom of choice, which does not necessarily lead to alignment with one of the two blocs.

"Moreover, the choice made in every crisis would be based on the interests and particular vocations of the Mediterranean countries, and not in consideration of the vast ensemble of aligned countries distributed throughout the world.

"In addition, the pact would be open only to countries having a Mediterranean coastline, to the exclusion of all others; it would be a true Mediterranean community.

"France has a call to promote such an organization.

"However, an organization of Mediterranean countries faces a number of objections which it is fitting to define briefly:

"Countries committed to the USSR would not fail to denounce such an attempt as indicating French determination to promote in disguised form a new imperialism, or a determined will to neo-colonization.

"Countries committed to the United States would not fail to denounce such an attempt as indicating a will to neutralization, to lead them to leave their ally at whose side they find support and economic aid often indispensable for maintenance of their fragile and precarious balance.

"But it is not forbidden to imagine that adherence by neighboring countries to such an organization would not, at the start, imply abandonment of alliances concluded by them in the past.

"The great diplomatic ambition consists in demonstrating to neighboring countries that they can turn from being 'object' countries and become 'subjects' within the framework of an organized and structured community.

"Without failing to recognize the manifold and important aspects inherent in a diplomatic action, France may be led to play a role worthy of itself, thereby contributing in an important way to the security and defense of the Mediterranean."

Concerning action on the cultural level, the Paris association conceives it in these terms:

"France must strengthen its cultural presence in the Mediterranean basin. For that purpose it has considerable assets, notably through reenforced

means of cooperation adequately funded to permit development of centers for diffusion of its culture in association with local cultures.

"It is a matter of developing and developing the use of the French language by the elites, then by the masses.

"To that end, France offers the image and value of its historic past, its culture, and its language. It must set the example.

"It will not seek to impose a type of civilization; it will present itself according to its tradition as a meeting place, a crossroads of exchange, a crucible.

"Creation of a Mediterranean university could provide that ideal crossroads, that crucible of union, exchanges, and training.

"Using the same techniques as the former French Overseas School, it could, in pursuit of a similar ideal, train administrators, both French and natives of Mediterranean countries. They would be fitted to contribute to the flowering of the countries in which they would be called on to serve, while remaining living exemplars of a generous, disinterested, and effective France.

"Finally, by retaining its leading place in the field of television transmissions by satellite, France can in the near future begin to strengthen its cultural outreach. It is thus appropriate to prepare, on an urgent basis, for the setting up and use of all these means of cultural action."

As for economic action, it is proposed essentially in the form of cooperation:

"Economic cooperation appears to be the natural path leading to a better relationship among men, for it develops a feeling of brotherhood made real by the existence of a common estate, a working tool to be defended against possible aggressors.

"It may be remarked that economic cooperation is spontaneous. It can nevertheless be favored or guided by various governmental measures, protected in the event of recession, or channeled in case of lawless development.

"Economic cooperation, because of the production of resources it makes possible, especially if the country as a whole sees their benefit, is the best means of countering the wishes for destabilization nourished by our potential adversaries, for such destabilization is often the consequence of anger by deprived populations.

"It can be pointed out, however, that the political evolution of Iran has shown that too rapid production of wealth, introduced into an archaic setting, brings distortions, discontent, and moral degradation which are factors of destabilization. Cupidity and amorality by governing classes,

corruption, and gaps between intellectual and economic potentialities have given rise to more revolutions than has poverty.

"Economic cooperation must take into account the imperatives of local cultures. It must of course respect the freedom of individuals and communities, studiously avoid anything which might recall the excesses imputed to colonialism, and remain essentially pragmatic. We must consider the particular psychology of the peoples concerned, and of their family, agricultural, or craft traditions, whether or not they are shaped by Islam. We must consider also the grave problem posed by the present population explosion in certain countries, so as to offer their youth the place which is their due."

The authors close the report by stating that economic cooperation can hardly be established except through "a Mediterranean economic organization" which could draw inspiration from the structures of the European Economic Community.

This synthesis was assembled by R Adm (Ret) Jean-Louis Herbert, member of the Paris regional association, from 12 reports drafted by working committees of the following associations:

Languedoc-Roussillon regional association, presided by Prof Andre Martel

Lorraine regional association, presided by Gen (Ret) Raymond Paruit

National association, presided by Dr Jean Schlumberger

Auvergne regional association, presided by Jean-Denis Bouvier

Var-Alpes-Maritimes regional association, presided by Jacqueline Lambert

Toulouse regional association, presided by Roland Gardeur

Franche-Comte regional association, presided by Marcel Marcot

Northern Defense Zone regional association, presided by Prof Jacques Vanlerenberghe

Paris regional association, presided by Georges Devic

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EUROPEAN SPACE AGENCY ADOPTS 5-YEAR BUDGET

Paris ELECTRONIQUE ACTUALITES in French 19 Feb 82 pp 1,7

[Article: "The ESA Assures the Financing of All Programs Underway Until 1987"]

[Text] At its meeting of 10 and 11 February, the council of the European Space Agency (ESA) adopted its financial plan for the next five years. Between 1982 and 1987, ESA will have available under the heading of non-discretionary expenses, 917.5 million accounting units (MUC), which amounts to 5.5 billion francs. This is a budget without surprises, marked by a stabilization of expenses compared to recent years.

The amount of discretionary expenses, which is the largest, shows a significant reduction (about 200 MUC between 1981 and 1982); but this reduction, associated with the termination of such large programs as Ariane and Spacelab, will have no effect on the remaining programs, whose financing is assured until 1987.

For the 1982 budget, ESA will receive 80.6 MUC for general expenses, and 100.4 MUC (605 MF) for scientific activities.

Among the major programs included in this budget, are the launching of the Exosat satellite for X-ray astrometry, the European participation in the space telescope, the ISPM probe for the exploration of the solar poles (NASA having reprogrammed the flight of the Navette, designed for this purpose and cancelled last year as a result of budget restrictions), the Giotto probe for observing the Halley comet, and the Hipparcos astrometry satellite, whose contract was awarded to Matra.

These non-discretionary budgets financed by prorating the gross domestic products of the member nations, represent only about one-fourth of the ESA budget, which will increase to 665 MUC (3.9 billion francs) in 1982. Among the custom programs scheduled for 1982, are the development of Ariane 2 and 3 (37.5 MUC), the Ariane-4 launcher (15 MUC), the construction of the second launching stage of Kourou (22.3 MUC), the direct television satellite L-Sat (71 MUC), the ECS and Marecs telecommunications programs (56 MUC), the micro-gravity research program (8.2 MUC), and the earth-observation satellite ERS 1 (16 MUC).

Great Britain Participates in Ariane-4

The start of several of these programs was already determined in practice, particularly for the development of the Ariane-4 launcher. In this respect, Great Britain let it be known that it would participate directly in this development, although it had been satisfied with a 2.5 percent participation in the first version of the launcher through subcontracting agreements with French enterprises. France will participate to the extent of 50-60 percent in the financing of Ariane-4, which amounts to 1.4 billion francs in all, while providing 21 percent of the ESA general budget. The financial support of the Ariane-4 program is comfortably covered (over 104 percent) by member nations; ESA has even had to refuse participation offers, which is a mark of the credibility earned by the European launcher.

The same does not seem to be true of some other discretionary programs, particularly for the development of the ERS earth-observation satellite, which should be launched in about 1987, and what is more surprising, for the improvement of Spacelab. Indeed, ESA has just extended from 25 February, to 15 April, the delay granted to members for formulating their financial participation proposals.

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